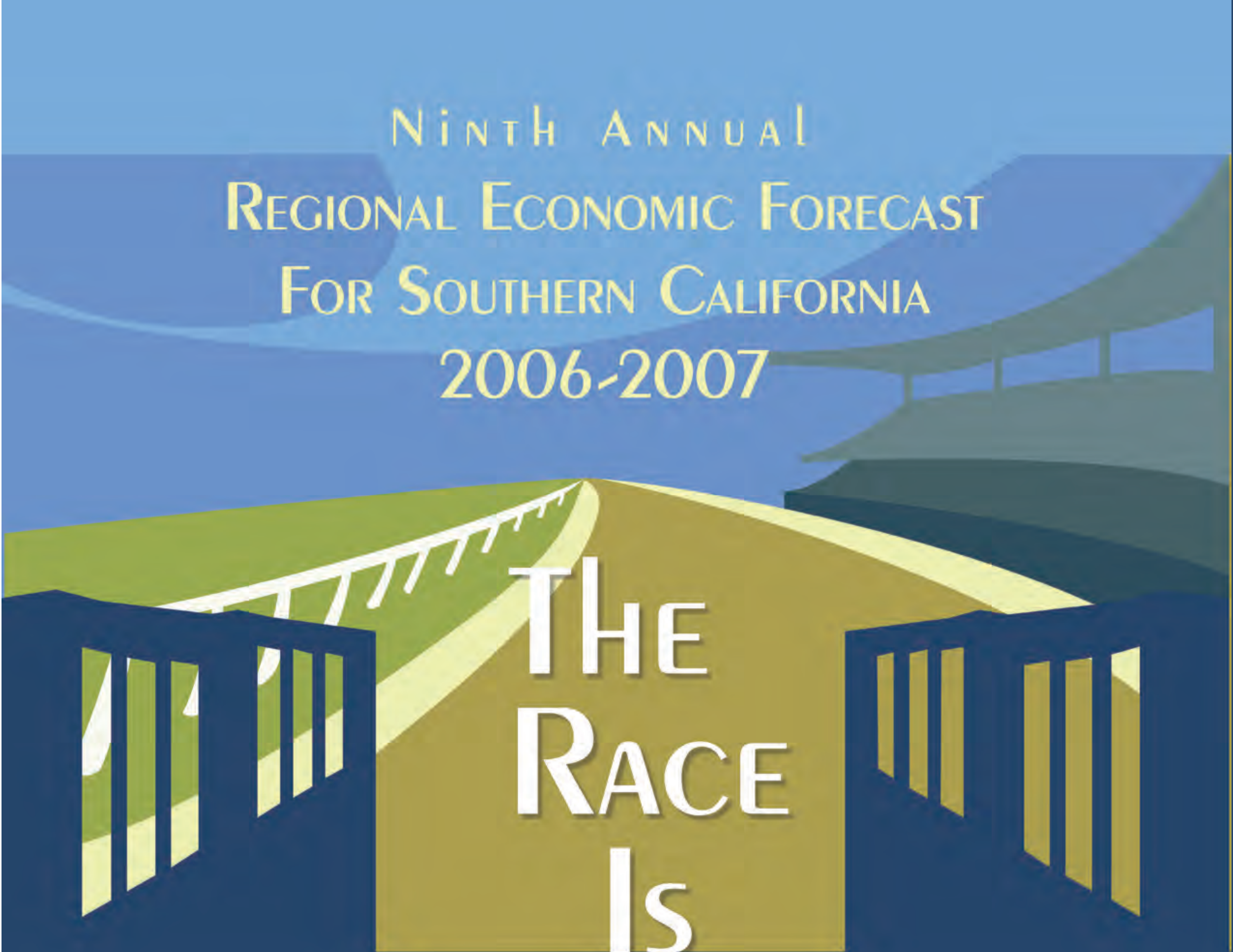


Ninth Annual

Regional Economic Forecast For Southern California 2006-2007

The Race Is On...

To Address the Long-Term Challenges Highlighted in the State of the Region Report

Santa Anita Park

January 26, 2006

SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

Mission Statement

Leadership
Vision
Progress

Leadership, vision and ***progress*** which promote economic growth, personal well-being, and livable communities for all Southern Californians.

The Association will accomplish this Mission by:

- Developing long-range regional plans and strategies that provide for efficient movement of people, goods and information; enhance economic growth and international trade; and improve the environment and quality of life.
- Providing quality information services and analysis for the region.
- Using an inclusive decision-making process that resolves conflicts and encourages trust.
- Creating an educational and work environment that cultivates creativity, initiative, and opportunity.

SCAG Management
Mark Pisano, Executive Director
Jim Gosnell, Deputy Executive Director
Bert Becker, Interim Chief Financial Officer
Hasan Ikhrata, Director, Planning and Policy
Keith Killough, Director, Information Services
Karen Tachiki, Chief Counsel

Regional Council Members

OFFICERS:

President: Toni Young, Port Hueneme

First Vice President: Yvonne Burke, Los Angeles County

Second Vice President: Gary Ovitt, San Bernardino County

Immediate Past President: Ron Roberts, Temecula

Imperial County: Victor Carrillo, Imperial County • Jon Edney, El Centro

Los Angeles County: Yvonne Burke, Los Angeles County • Zev Yaroslavsky, Los Angeles County • Jim Aldinger, Manhattan Beach • Harry Baldwin, San Gabriel • Paul Bowlen, Cerritos • Todd Campbell, Burbank • Tony Cardenas, Los Angeles • Stan Carroll, La Habra Heights • Margaret Clark, Rosemead • Gene Daniels, Paramount • Mike Dispenza, Palmdale • Judy Dunlap, Inglewood • Rae Gabelich, Long Beach • David Gafin, Downey • Eric Garcetti, Los Angeles • Wendy Greuel, Los Angeles • Frank Gurulé, Cudahy • Janice Hahn, Los Angeles • Isadore Hall, Compton • Keith W. Hanks, Azusa • Josè Huizar, Los Angeles • Tom LaBonge, Los Angeles • Paula Lantz, Pomona • Paul Nowatka, Torrance • Pam O'Connor, Santa Monica • Alex Padilla, Los Angeles • Bernard Parks, Los Angeles • Jan Perry, Los Angeles • Ed Reyes, Los Angeles • Bill Rosendahl, Los Angeles • Greig Smith, Los Angeles • Tom Sykes, Walnut • Paul Talbot, Alhambra • Sidney Tyler, Pasadena • Tonia Reyes Uranga, Long Beach • Antonio Villaraigosa, Los Angeles • Dennis Washburn, Calabasas • Jack Weiss, Los Angeles • Herb J. Wesson, Jr., Los Angeles • Dennis Zine, Los Angeles

Orange County: Chris Norby, Orange County • Christine Barnes, La Palma • John Beauman, Brea • Lou Bone, Tustin • Art Brown, Buena Park • Richard Chavez, Anaheim • Debbie Cook, Huntington Beach • Cathryn DeYoung, Laguna Niguel • Richard Dixon, Lake Forest • Marilynn Poe, Los Alamitos • Tod Ridgeway, Newport Beach

Riverside County: Jeff Stone, Riverside County • Thomas Buckley, Lake Elsinore • Bonnie Flickinger, Moreno Valley • Ron Loveridge, Riverside • Greg Pettis, Cathedral City • Ron Roberts, Temecula

San Bernardino County: Gary Ovitt, San Bernardino County • Lawrence Dale, Barstow • Paul Eaton, Montclair • Lee Ann Garcia, Grand Terrace • Tim Jasper, Town of Apple Valley • Larry McCallon, Highland • Deborah Robertson, Rialto • Alan Wapner, Ontario

Ventura County: Judy Mikels, Ventura County • Glen Becerra, Simi Valley • Carl Morehouse, San Buenaventura • Toni Young, Port Hueneme

Orange County Transportation Authority: Lou Correa, County of Orange

Riverside County Transportation Commission: Robin Lowe, Hemet

Ventura County Transportation Commission: Keith Millhouse, Moorpark

Rev. 12.28.05

Regional Economic Forecast for Southern California 2006-2007

CONTENTS

This conference is organized and produced by the Community and Economic Development Division, Planning and Policy Department, Southern California Association of Governments

Chief Economist:	Dr. Bruce F. DeVine
Senior Economist:	Dr. Frank H. Wen
Senior Planner:	Jihong McDermott
Division Manager:	Lynn Harris

Assistance was provided by the Government and Public Affairs Division of SCAG
Cheryl Collier, Communications Supervisor
Designers: Paula Myers, Welma Fu

Regional Economic Forecast for Southern California

2006-2007

Presented With The Generous Financial Support Of Our Sponsors

AQMD

NEXT TEN

SOUTHERN CALIFORNIA EDISON
An EDISON INTERNATIONAL® Company

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MARK SCHNIEPP, PH.D.

Director, California Economic Forecast Project

Outlook for The U.S and California Economies

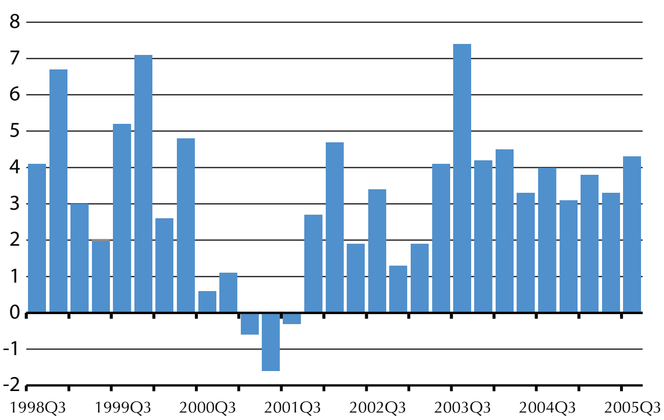
GDP

The third quarter 2005 rate of growth in the value of final production of goods and services was 4.1 percent. Growth for the first 3 quarters of 2005 averaged 3.6 percent, indicating another healthy year for the U.S. economy. Consumer spending, business investment in equipment and software, federal spending, and homebuilding were the major contributors to growth in the third quarter.

1998 Quarter 3 - 2005 Quarter 3

Gross Domestic Product Growth / U.S.

Percent Change



CONSUMERS

Consumer confidence has rebounded well from the traumas of Hurricanes Katrina and Rita, and the associated dramatic increases in gasoline prices. While those soared briefly above $3.00 per gallon they have retreated to $2.20 a gallon in many regions. Labor market and other data point to only a small negative impact from the hurricanes on overall economic conditions.

Consequently, spending by consumers has remained healthy, but it no longer is a source of growth for the U.S. economy. Retail sales remain high but the increase in spending from month to month has been shrinking.

The National Economy

First, expect continued growth of the U.S. economy in 2006 and abandon any notion of recession. Barring an unexpected shock this year, a downturn in labor markets or in the growth of investment or production is unlikely, simply because it is not deserved. We have not been over-producing nor over-investing. While there are some imbalances that have formed over the last few years regarding consumer spending and the housing market, it does not appear that consumers are going to abruptly change course this year, and the housing market will decline gradually rather than collapse suddenly.

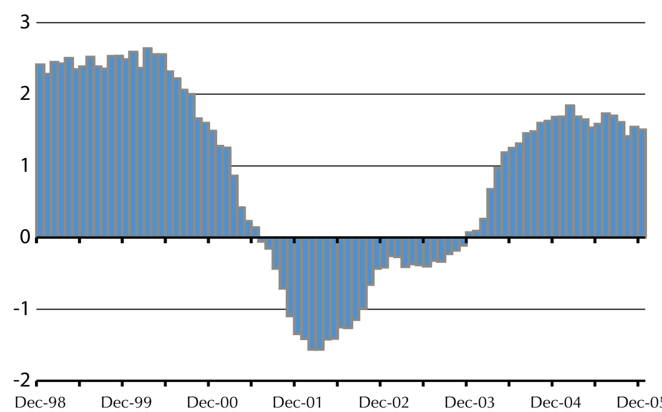
LABOR MARKETS

The U.S. economy created 2.02 million jobs in 2005, fewer than the 2.19 recorded for 2004. Business and professional services was the leading sector of job creation. The unemployment rate fell to 4.9 percent in December, a rate considered full by most definitions

December 1998 - December 2005

Non-farm Job Growth / U.S.

Percent Change



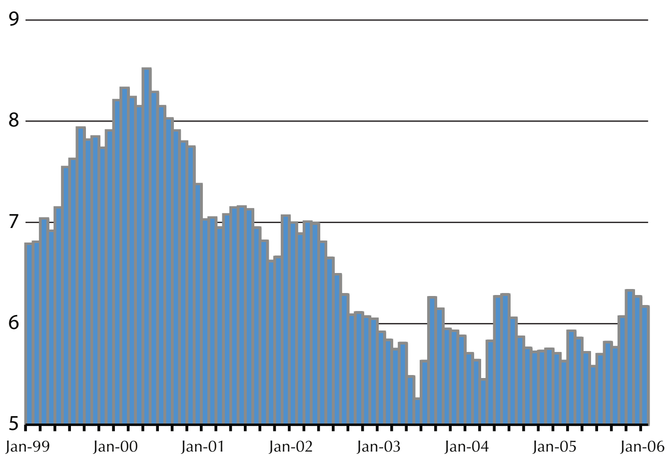
INTEREST RATES

Thirteen consecutive interest rate hikes between June 2004 and December 2005 have moved short term rates higher, but long term rate remain relatively flat. Perhaps one more hike by the Fed is a possibility, but no more is equally as likely. The higher interest rate climate in 2006 will do little to slow the economy though the housing sector has already been impacted. Fixed rate mortgage yields have jumped from 5.6 percent last summer to 6.2 percent today. Home sales remain at high levels but a slowdown is underway.

January 1999 - January 2006

Fixed Rate Mortgage Yields - U.S.

Percent



INFLATION

Inflation remains contained despite an uptick observed in September and October of 2005 that worried the financial markets and sent bond yields upward. Energy price spikes due to the hurricanes pushed year-over-year inflation rates to their highest level since 1990. Then consumer prices fell 0.6% in November, pulling the rate of increase in prices over the past year back to 3.5 percent. Inflation pressures from higher energy prices, raw materials, and medical services remain in 2006 but core inflation should remain low.

THE HOUSING BOOM IS OVER

The evidence is mounting that the great housing boom of the 21st century is nearing an end. Higher interest rates and sky-high home price to income ratios are exacting their toll. Home sales are now moving lower in the U.S. and California, and selling values have plateaued for many regions, especially in coastal California and the Northeast.

Home construction in the U.S. is above sustainable rates. The growth of the adult population that would demand housing is less than the supply, as measured by housing starts.

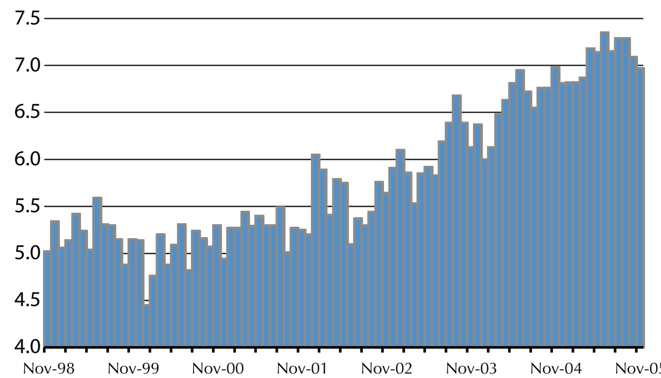
The real estate market is not likely to collapse. While a sudden downward spiral is possible, it is unlikely in 2006. And there are still many families in need of housing, both within the state and those wishing to move here.

November 1998 - November 2005

Existing Home Sales / U.S.

(seasonally adjusted annualized rate)

Millions of Sales



Source: National Association of Realtors

THE U.S. OUTLOOK

The outlook remains auspicious for 2006. GDP growth will likely slow this year to approximately 3.0 percent. Inventory build-up had been a drag on growth in 2005; with inventories low and growth remaining strong, inventory accumulation will be a plus for the economy in the in the first half of 2006. Business spending, having recorded record levels of spending in 2005, is expected to remain stable in 2006. Furthermore, Federal spending in the Gulf Coast will boost growth this year.

With lower energy prices, consumer spending, excluding autos, should remain solid for retail goods and services. Declining energy prices, while boosting both real incomes and spending, will relieve stress on household budgets, permitting more saving. In addition, rising interest rates will make borrowing less attractive and saving more attractive, especially in the face of record high debt burdens.

Housing starts should decline however, since rates of growth in new home production now exceed current demand. And the housing market, especially new home sales, will follow the decline in starts.

The labor market outlook calls for monthly jobs gains to average 200,000 through at least the first half of the year. Growth will be driven by the same service industries that contributed in 2005. However, the housing industry, which has been an important contributor to growth in recent years is expected to recede in importance, and so will job sectors related to real estate.

The California Economy

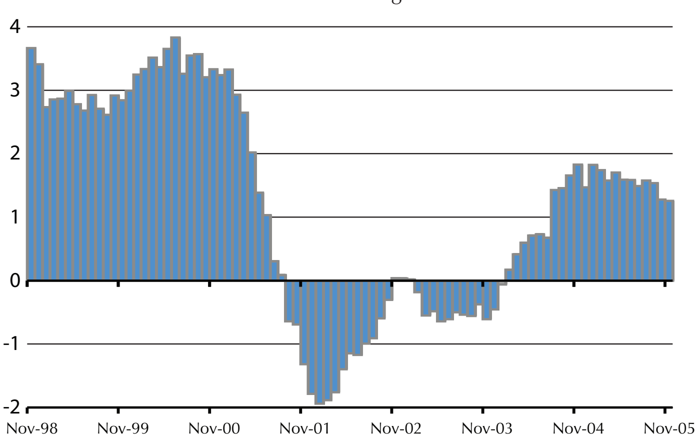
Southern California is out-performing the Bay Area region in nearly all areas of business measurement, including Job growth, income growth, consumer spending, export growth, and home sales. However, the heartland of California—the inland regions—is where momentum has escalated.

The Central and Sacramento Valley economies are attracting the greatest rates of in-migration, and job opportunities are growing the fastest. The production of housing is also occurring at extraordinary rates, and sales of homes continue amidst a slowing housing market in coastal counties.

November 1998 - November 2005

Non-farm Job Growth / California

Percent Change



LABOR MARKETS

Though most of the state's labor market growth has been modest, the strongest job growth is associated with California's inland counties and southern California. There is strong suspicion that labor market statistical revisions in late February will increase the 2005 employment growth in Orange, Riverside, and San Bernardino Counties.

Growth of jobs has been led by the real estate sector including construction, and the mortgage markets. The unemployment rate is 5.2 percent, not much above the national rate and very low relative to historical trends.

Non-farm Jobs Created by County or MSA

November 2004 to November 2005

COUNTY/MSA	Jobs Created	Growth Rate (%)
1 Imperial County	3,500	8.5
2 Sutter County	2,600	6.7
3 Kern County	7,000	3.3
4 Kings County	1,000	3.0
5 Madera County	1,000	3.0
6 Santa Cruz County	2,700	2.8
7 Stanislaus County	3,300	2.1
8 Merced County	1,200	2.1
9 Santa Barbara County	3,200	1.9
10 East Bay Counties	18,500	1.8
11 Sacramento MSA	15,100	1.7
12 Inland Empire	19,200	1.6
13 Solano County	2,000	1.6
14 San Diego County	18,300	1.4
15 Orange County	20,400	1.4
16 Butte County	1,000	1.4
17 Tulare County	1,400	1.3
18 San Joaquin County	2,600	1.3
19 Ventura County	3,600	1.3
20 Monterey County	1,400	1.1

Source: Labor Market Information Division
December 2005
Note: Southern California Counties in blue.

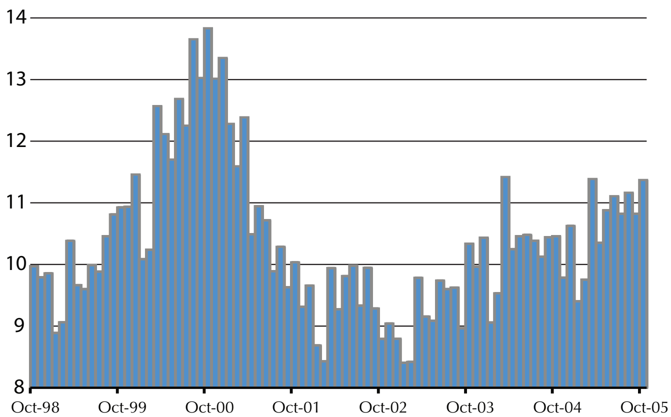
EXPORT MARKET

The Ports of Los Angeles and Long Beach are running at full capacity. Export cargo tonnage has jumped sharply as have commodity import values. Alameda and Oakland are also recording large increases in trade flows through the ports. Total commodity export values through the autumn of 2005 are at their highest levels in five years.

October 1998 - October 2005

Total Value of Commodity Exports / California Ports

Billions of Dollars



HOUSING MARKETS

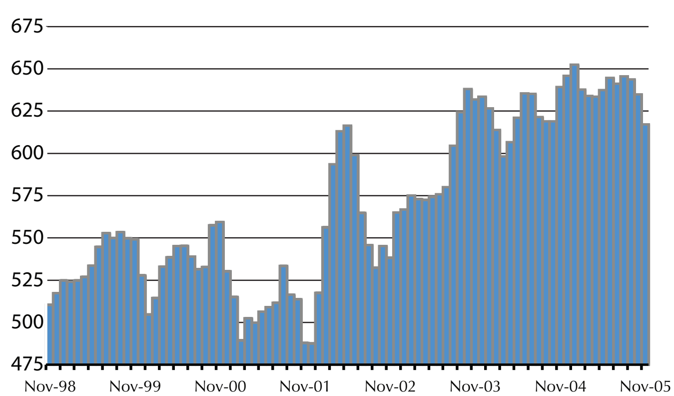
Sales of existing homes in the Bay Area counties, the Sacramento region, and most Southern California counties have clearly slowed in recent months. Median selling values remain at record levels in most regions of the state, but the rate of price appreciation has cooled, to single digit rates in a number of regions. Although the San Diego, Orange, and San Francisco markets represent the most dramatic weakening of price appreciation, year over year though November it's still nearly 10 percent.

November 1998 - November 2005

Existing Single Family Home Sales / California

(seasonally adjusted annualized rate)

Millions of Sales



Source: California Association of Realtors®

Median Single-Family Home Selling Price

Selected California Counties and Regions

	November 2005 *Dollars*	Annual Percent Change
SOUTHERN CALIFORNIA		
San Diego	616,840	9.2
Orange	695,500	9.8
Los Angeles	575,310	21.2
Inland Empire	388,650	20.7
Ventura	677,780	15.9
Santa Barbara County	650,000	-2.8
NORTHERN CALIFORNIA		
Monterey Region	721,600	13.7
San Francisco Bay	723,080	9.4
Santa Clara	745,000	14.8
Sacramento	379,930	9.8
CALIFORNIA	548,400	16.2

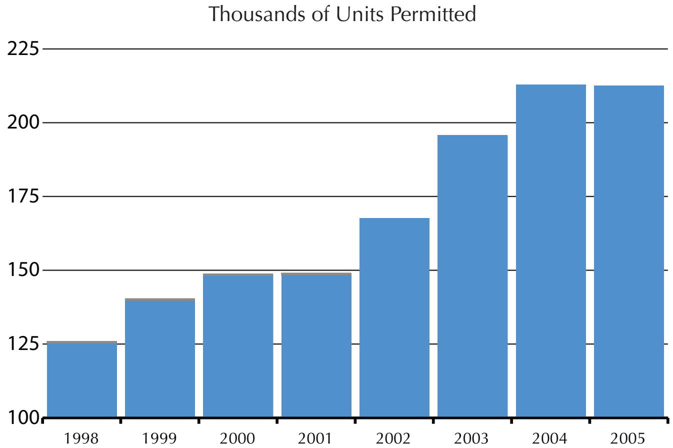
Source: California Association of Realtors® and California Economic Forecast

HOUSING PRODUCTION

The level of production of new homes in Southern California exceeded the 2004 level though marginally. For the entire state, production in 2005 was equivalent to year ago levels, adding another 212,000 units to the total stock of housing in the state. The inland Empire accounted for nearly 25 percent of all new housing authorized through the permit process in California last year.

1998 - 2005

New Residential Units Permitted / California



THE CALIFORNIA OUTLOOK

A slowdown in job growth from 1.6 percent in 2005 to 1.1 percent in 2006 is expected. The unemployment rate will remain under 6 percent. There is very weak growth of the labor force and it will be difficult for firms to expand the workforce if workers are not available. The real estate sector will weaken, and that will slow the growth of income and spending by consumers.

Personal income growth declines to 4.5 percent this year. Spending on homes and larger household durables will also decelerate in tandem with slower income growth. However, State and County government revenues will be enhanced by sales tax receipts.

Housing production will slow to 184,000 units. Higher mortgage rates and the lack of affordability causes builders to slow down their phasing of new housing in California next year. Demand for homes reverts back to fundamentals as speculative buying abates.

Median home selling values are not likely to collapse this year. There is still relatively strong demand for housing—both new and existing—and mortgage rates have not risen high enough to materially alter demand. Some regional markets may experience actual price declines but a return to single digit appreciation rates is the more likely scenario in 2006.

The visitor industry is expected to grow. Visitor spending and hotel/motel occupancy will continue to improve in 2006. There will be more international and domestic visitors to California, and the principal Los Angeles and San Francisco markets will benefit from increased spending by tourists.

California Economic Outlook

2004-2006

	Actual 2004	Actual 2005	Forecast 2006
Non-farm Job Growth	1.0%	1.6%	1.1%
Personal Income Growth	5.6%	5.1%	4.5%
Unemployment Rate	6.2%	5.3%	5.6%
Residential Units Permitted	212,960	212,510	184,036
Population Growth	1.7%	1.6%	1.5%

Source: California Economic Forecast, Inc.

Regional Economic Forecast for Southern California

2006-2007

ANIL K. PURI, PH.D.

Dean, College of Business and Economics and Co-Director, Institute for Economic and Environmental Studies, California State University, Fullerton

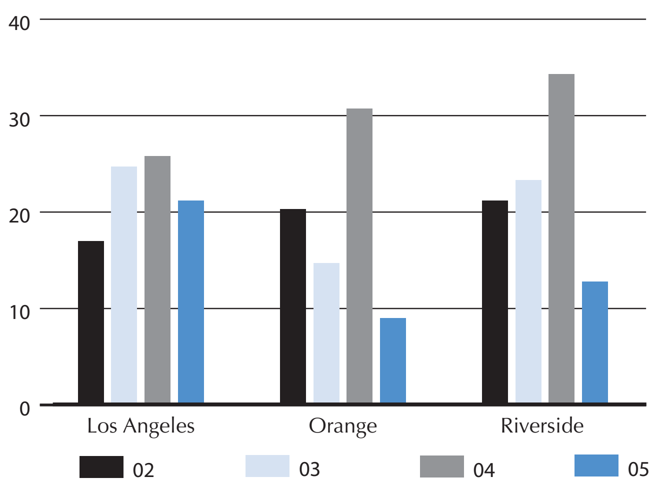
CSUF Economic Forecast for Southern California and Counties

The National Outlook

That U. S. economy ended 2005 on a much healthier note than was expected only a few months ago. In spite of unprecedented increases in oil prices, the largest ever deficits in its balance of payments and federal budget accounts, and two major hurricanes that caused catastrophic losses, real gross domestic product (GDP) grew by 3.3, 3.8, and 4.1 percent, respectively, in the first three quarters of the year. An increase of 3.5 percent is expected in the fourth quarter GDP. The nation's unemployment rate stood at 5.0 percent in November 2005 and has been between 4.8 percent and 5.1 percent since May 2005.

Changes in Median **Housing Prices**

Percent



We expect the national economy to grow by 3.6 and 3.0 percent in 2006 and 2007, respectively. We expect oil prices to stay in the range of $50 to $60 per barrel and the 10-year bond rate to increase by one percentage point by the end of 2006. The inflation rate as measured by the Consumer Price Index will increase by 2.8 percent in 2006. We expect the global economy to continue to do well. The Japanese and the European Union economies should do better in 2006 than they did last year and the Chinese and Indian economies will also grow at healthy rates. Detailed national and global forecasts are available from the Institute for Economic and Environmental Studies.

SOUTHERN CALIFORNIA REGION

The dominant concern and popular topic of discussion in the region over the past year has been the continuing escalation of housing prices. Based on the data from California Association of Realtors, median prices of detached single-family homes in July 2005 were $706,824 in Orange County, $543,888 in Los Angeles County, $384,906 in Riverside/San Bernardino Counties, and $694,689 in Ventura County. The average housing price has doubled in the last five years, posing a serious challenge to job growth in the region.

Personal income and jobs have been rising but at moderate rates and do not explain the unprecedented housing price escalation. Low mortgage rates and increased use of creative financing mechanisms are largely responsible for continuing the housing boom. However, the payments on these loans are highly sensitive to changes in interest rates. In particular, these could greatly escalate if the mortgage rates were to increase by relatively small amounts. The danger is that such changes could lead to defaults and, in turn, significant housing price declines over a period of time. If this happened on a large scale, it could affect overall household spending and the regional and national economic growth.

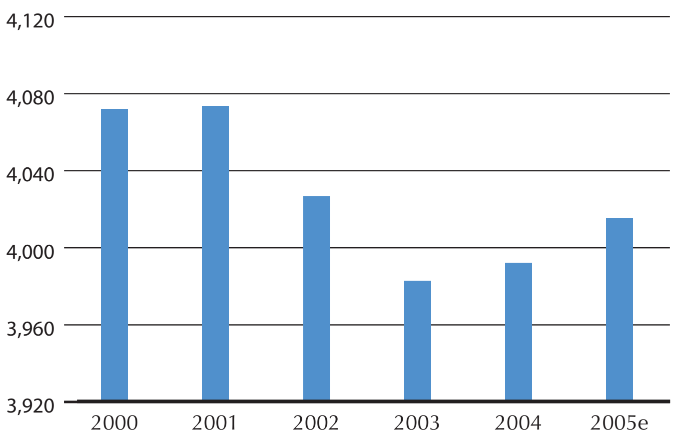
The high price of housing is becoming a factor in restraining business growth in the region. In addition to affordable housing, high-quality labor and efficient transportation are the issues posing major challenges for the future growth of the area.

In the Southern California region (Los Angeles, Orange, Riverside, San Bernardino, Ventura, and Imperial Counties) household employment grew by 154,000 jobs in 2004 and is estimated to have grown by 226,300 jobs in 2005. The average unemployment rate in the six-county region was 6.0 percent in 2004 and is estimated to be 5.0 percent for 2005. It is the lowest rate since the last recession in 2001.

The payroll survey, however, provides a somewhat different picture for job growth compared to that of the household survey. Nonfarm payroll jobs growth was 91,000, or 1.3 percent, in 2004 and is expected to be 72,000, or 1.0 percent, in 2005. The payroll survey is considered a more reliable indicator of general employment conditions but it does not take into account self-employment.

The leading sectors in terms of job growth in the region in 2005 were Construction and Professional and Business Services, which together account for 42,000 or 60% percent of the new jobs created. Only Information and Professional and Business Services are growing at a somewhat faster pace compared to last year. Other sectors are growing more slowly. Manufacturing and the Government sectors are continuing to lose jobs.

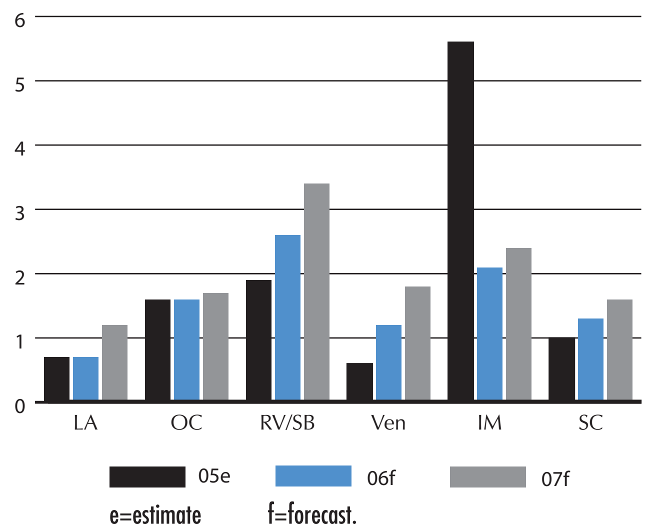
Los Angeles County
Nonfarm Payroll Jobs
Thousands



Los Angeles County currently accounts for approximately 58 percent of Southern California payroll employment. It has been growing at extremely slow rates in recent years. For example, the total payroll employment in the county is still below the level reached in 2001. Its average job growth rate in the previous five years was -0.2 percent and its unemployment rate only now has gone down to the level reached in 2001. Jobs growth in the Inland Empire (Riverside and San Bernardino counties) also slowed down last year from 4.6 percent in 2004 to approximately 1.9 percent in 2005. Orange County's employment growth also slowed down in 2005 compared to 2004. It added only 22,000 jobs for a growth rate of 1.5 percent in 2005 compared to an addition of 31,000 jobs for a 2.2 percent rate in 2004.

Based on the currently available data, the year 2005 does not look very impressive in terms of job growth. The Employment Development Department revises its data annually in February/March and we expect upward revisions. In light of our national forecasts and our understanding of the local conditions, we expect payroll employment in the Southern California region to grow by 82,000 jobs, or 1.2 percent, in 2006 and 116,000, or 1.6 percent, in 2007. The average unemployment rate is expected to be 5.7 and 5.6 percent, respectively, for the two years.

Nonfarm
Payroll Job Growth
Annual Percent Rates



The county rates of growth for payroll employment for 2006 and 2007 are projected to be Los Angeles, 0.6 and 1.1 percent; Orange, 1.5 and 1.6 percent; Riverside/San Bernardino, 2.6 and 3.3 percent; Ventura, 1.1 and 1.8 percent; and Imperial, 2.1 and 2.4 percent.

To sum up, there are several threats on the horizon for the national economy and the current situation is volatile. Yet the fundamentals of the economy are strong enough for us to expect continued moderate growth next year. Interest rates across the spectrum and inflation will rise over the next two years. The Southern California regional economy will also continue to grow but at moderate rates. Expect small decreases in housing prices as the long-term interest rates rise but we do not expect a sudden drop.

Robert Giuliano provided excellent research support and his assistance is gratefully acknowledged. Thanks are also due to Mira Farka for providing helpful comments. Any errors are my responsibility.

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA REGION

Southern California Historical Data

	2000	2001	2002	2003	2004
LEVELS IN THOUSANDS					
POPULATION					
Total Population	16,581.1	16,851.4	17,121.9	17,405.0	17,821.7
Annual percentage change	1.6%	1.6%	1.6%	1.7%	2.4%
HOUSEHOLD EMPLOYMENT					
Labor Force	8,032.8	8,193.3	8,303.1	8,397.9	8,520.1
Total Employment	7,627.5	7,757.6	7,775.3	7,856.4	8,010.4
Total Unemployment	405.3	435.8	527.8	541.5	509.7
Unemployment Rate	5.0%	5.3%	6.4%	6.4%	6.0%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	6,762.5	6,835.6	6,817.5	6,836.5	6,927.7
Goods Producing	1,303.4	1,277.4	1,209.7	1,181.1	1,195.2
Natural Resources and Mining	8.0	8.1	7.9	7.8	8.1
Construction	304.3	322.0	320.2	333.9	358.9
Manufacturing	991.2	947.3	881.5	839.5	828.2
Durable Goods	609.6	584.8	540.7	510.7	505.1
Nondurable Goods	381.6	362.5	340.8	328.8	323.1
Service Providing	5,459.1	5,558.2	5,607.9	5,655.3	5,732.5
Trade, Transportation and Utilities	1,315.1	1,333.9	1,332.7	1,338.1	1,357.8
Wholesale Trade	350.4	357.6	355.0	354.2	354.7
Retail Trade	706.4	717.1	727.5	735.8	751.1
Transportation, Warehousing and Utilities	258.3	259.2	250.3	248.1	252.1
Information	305.3	289.8	266.6	259.0	262.6
Financial Activities	372.5	394.0	405.9	429.4	445.0
Professional and Business Services	985.5	977.0	969.3	967.0	984.9
Educational and Health Services	657.6	680.4	709.9	732.6	745.9
Leisure and Hospitality	614.0	636.6	647.0	660.5	684.0
Other Services	229.4	236.0	240.7	241.9	242.1
Government	979.8	1,010.6	1,035.8	1,026.7	1,010.2
PERCENTAGE CHANGE					
Total Nonfarm	2.7%	1.1%	-0.3%	0.3%	1.3%
Goods Producing	1.2%	-2.0%	-5.3%	-2.4%	1.2%
Natural Resources and Mining	-1.6%	0.8%	-1.8%	-1.9%	4.0%
Construction	6.6%	5.8%	-0.6%	4.3%	7.5%
Manufacturing	-0.3%	-4.4%	-6.9%	-4.8%	-1.3%
Durable Goods	-0.6%	-4.1%	-7.5%	-5.5%	-1.1%
Nondurable Goods	0.4%	-5.0%	-6.0%	-3.5%	-1.7%
Service Providing	3.0%	1.8%	0.9%	0.8%	1.4%
Trade, Transportation and Utilities	2.6%	1.4%	-0.1%	0.4%	1.5%
Wholesale Trade	1.6%	2.1%	-0.7%	-0.2%	0.1%
Retail Trade	3.3%	1.5%	1.5%	1.1%	2.1%
Transportation, Warehousing and Utilities	2.3%	0.4%	-3.5%	-0.8%	1.6%
Information	3.8%	-5.1%	-8.0%	-2.9%	1.4%
Financial Activities	-0.4%	5.8%	3.0%	5.8%	3.6%
Professional and Business Services	3.9%	-0.9%	-0.8%	-0.2%	1.9%
Educational and Health Services	3.1%	3.5%	4.3%	3.2%	1.8%
Leisure and Hospitality	3.0%	3.7%	1.6%	2.1%	3.6%
Other Services	2.7%	2.9%	2.0%	0.5%	0.1%
Government	3.7%	3.1%	2.5%	-0.9%	-1.6%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	487,735	512,631	527,484	547,862	589,328
Annual percentage change	7.1%	5.1%	2.9%	3.9%	7.6%
Per capita income ($)	$29,415	$30,421	$30,808	$31,477	$33,068
TAXABLE SALES					
Total taxable sales	197,501	195,563	205,276	220,631	243,387
Year to year percentage change	10.2%	-1.0%	5.0%	7.5%	10.3%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
LEVELS IN THOUSANDS					
POPULATION					
Total Population	18,014.1	18,210.5	18,441.6	310.2	206.6
Annual percentage change	1.1%	1.1%	1.3%	1.9%	1.2%
HOUSEHOLD EMPLOYMENT					
Labor Force	8,674.7	8,902.3	8,993.4	121.8	157.8
Total Employment	8,236.7	8,398.7	8,488.1	95.7	159.2
Total Unemployment	438.0	503.5	505.4	26.1	-1.4
Unemployment Rate	5.0%	5.7%	5.6%	0.2%	-0.1%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	6,999.3	7,081.3	7,197.8	41.3	90.0
Goods Producing	1,210.4	1,227.6	1,250.5	-27.1	18.5
Natural Resources and Mining	8.4	8.7	9.0	0.0	0.3
Construction	377.6	393.0	415.2	13.7	18.8
Manufacturing	824.4	825.8	826.4	-40.7	-0.6
Durable Goods	506.2	506.5	506.4	-26.1	0.4
Nondurable Goods	318.1	319.0	319.6	-14.6	-1.2
Service Providing	5,788.9	5,853.7	5,947.3	68.4	71.6
Trade, Transportation and Utilities	1,370.7	1,392.5	1,424.9	10.7	22.4
Wholesale Trade	355.2	361.1	370.6	1.1	5.3
Retail Trade	763.4	777.4	795.9	11.2	14.9
Transportation, Warehousing and Utilities	256.1	258.8	263.8	-1.6	3.9
Information	267.0	270.1	273.7	-10.7	3.7
Financial Activities	449.4	451.3	454.3	18.1	3.1
Professional and Business Services	1,006.0	1,022.3	1,044.2	-0.2	19.8
Educational and Health Services	751.5	762.0	779.2	22.1	11.1
Leisure and Hospitality	692.4	699.4	708.9	17.5	8.3
Other Services	244.8	248.4	253.0	3.2	3.6
Government	1,003.2	1,002.9	1,003.7	7.6	-2.2
PERCENTAGE CHANGE					
Total Nonfarm	1.0%	1.2%	1.6%	0.6%	1.3%
Goods Producing	1.3%	1.4%	1.9%	-2.1%	1.5%
Natural Resources and Mining	3.5%	4.0%	3.2%	0.3%	3.7%
Construction	5.2%	4.1%	5.6%	4.5%	5.2%
Manufacturing	-0.5%	0.2%	0.1%	-4.1%	-0.1%
Durable Goods	0.2%	0.0%	0.0%	-4.3%	0.1%
Nondurable Goods	-1.5%	0.3%	0.2%	-3.8%	-0.4%
Service Providing	1.0%	1.1%	1.6%	1.3%	1.2%
Trade, Transportation and Utilities	1.0%	1.6%	2.3%	0.8%	1.6%
Wholesale Trade	0.2%	1.7%	2.6%	0.3%	1.5%
Retail Trade	1.6%	1.8%	2.4%	1.6%	2.0%
Transportation, Warehousing and Utilities	1.6%	1.1%	1.9%	-0.6%	1.6%
Information	1.6%	1.2%	1.3%	-3.5%	1.4%
Financial Activities	1.0%	0.4%	0.7%	4.9%	0.7%
Professional and Business Services	2.1%	1.6%	2.1%	0.0%	2.0%
Educational and Health Services	0.7%	1.4%	2.3%	3.4%	1.5%
Leisure and Hospitality	1.2%	1.0%	1.4%	2.9%	1.2%
Other Services	1.1%	1.5%	1.9%	1.4%	1.5%
Government	-0.7%	0.0%	0.1%	0.8%	-0.2%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	617,554	649,833	683,918	25,398	31,530
Annual percentage change	4.8%	5.2%	5.2%	5.2%	5.4%
Per capita income ($)	$34,282	$35,685	$37,086	$ 913	$ 1,339
TAXABLE SALES					
Total taxable sales	259,765	276,597	293,226	11,472	16,613
Year to year percentage change	6.7%	6.5%	6.0%	5.8%	6.8%

e=estimate, f=forecast.

LISA M. GROBAR, PH.D., DIRECTOR

Economic Forecast Project

Office of Economic Research

California State University, Long Beach

JOSEPH P. MAGADDINO, PH.D., CHAIRMAN

Department of Economics

California State University, Long Beach

CSULB Economic Forecast for the Southern California Region

The Regional Economy

In 2005, the regional economy added 80,000 new jobs, growing at a rate of 1.2 percent, about the same rate of growth as 2004. Over the next two years, look for the region to add 270,000 jobs as employment growth picks up in 2006 and 2007.

In 2006, employment growth in the region will be growing faster than employment formation in the national economy. This is a position that the region has enjoyed through much of its history, but in recent quarters the region has lagged the nation in job formation growth. Expect employment growth of 1.7 and 2.1 percent in 2006 and 2007. This year, total nonfarm establishment employment will cross the 7 million mark.

While the region's economy is picking up steam, look for some slowing in the national economy. After posting spectacular but unsustainable growth of 4.2 percent in 2004, the nation's economy slowed to 3.7 percent in 2005. In 2006, expect a slight slowing in the pace of GDP growth with 3.5 percent. Anticipate growth to slow further to about 3 percent in 2007.

The slowing in the nation's economy is the deliberate result of the Fed's policy to raise interest rates and move the economy to a more sustainable growth path. The rate increases will slow the housing market but not generate a recession as the Fed assures that inflation is in check. The rate increases are nearing an end as the Fed is moving rates into a "neutral" range.

Increases in interest rates will dampen the growth in the interest sensitive sectors of the regional economy. Construction and financial services are the primary sectors that will slow. During the last several years, housing demand coupled with the region's inability to significantly boost supply has led to double-digit annual increases in housing appreciation. As long-term interest rates slowly increase, expect a soft landing in the housing market rather than a crash.

Construction employment growth slowed from the blistering pace of 7.4 percent in 2004 to 5.5 percent last year. Expect a further slowing to 3.0 percent this year. The wave of home loan activities, including the waves of refinancing activities, have slowed financial services employment growth to the 1.0 percent range from the earlier 4 to 6 percent range.

The big news for the region is that the manufacturing sector is generating positive job growth. Don't expect big numbers, but after six years of employment losses any growth in manufacturing employment is welcomed news.

Much of the strength in the region's economy is driven by strong growth in service sector employment. Professional and business services will post healthy gains in employment above the 2.0 percent mark in the next two years. This sector, which slowed considerably during the recession, has fully recovered and its growth is driven by the overall vitality of the regional economy. Similarly, the leisure and hospitality sector is expected to post growth in excess of 2.5 percent in the coming years. This sector benefits by the strong performance of the national and regional economies as well as the depreciation of the dollar, which makes Southern California destination sites more affordable to foreigners.

Educational and health services are expected to post employment gains of 2.9 and 3.3 percent over the forecast horizon. The health services sector tends to be a non-cyclical sector driven by the region's underlying demographics as well as the reimbursement policies of the insurance companies and government agencies.

Information services is a relatively small sector, with much of its employment concentrated in the entertainment industry, is expected to grow at 2.7 and 3.0 percent in 2006 and 2007.

One of the region's important industries is goods movement. The Los Angeles-Long Beach port complex is the nation's gateway to the Pacific Rim. As the global economy improves, traffic at these ports will increase. Similarly, Los Angeles International Airport is an important mover of both passengers and goods. Jobs in goods movement cross over the traditional definitions of sector employment, although many of these jobs are in the transportation, warehousing and utilities sector and wholesale trade sector. Expect the transportation, warehousing and utilities sector to add 6,000 and the trade sectors to add 13,500 new jobs in each of the next two years. While the short-term outlook for goods movement is bright, the region faces a longer-term challenge of whether its infrastructure can support the future growth in goods movement traffic.

After several years of job losses in state and local government employment growth, growth in this sector will turn positive in 2006 and 2007, reflecting improvement in the regional and state economies.

The improving picture of the region's economy boosted taxable sales receipts in 2004 to 9.7 percent. Last year's growth was 8.8 percent and expect growth of 7.8 and 7.1 percent in 2006 and 2007.

CSULB ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA REGION

Southern California Historical Data

	2000	2001	2002	2003	2004
WAGE & SALARY EMPLOYMENT					
Construction & Mining	310,317	328,383	326,408	340,042	365,275
Durable Manufacturing	608,658	583,917	539,800	509,800	504,158
Nondurable Manufacturing	380,858	361,575	339,192	327,175	321,683
Wholesale Trade	348,633	355,858	353,325	352,550	352,983
Retail Trade	700,292	710,917	721,233	729,308	744,517
Transportation, Warehousing & Utilities	256,750	257,525	248,517	246,267	250,267
Information	304,867	289,367	266,225	258,608	262,250
Financial Activities	371,058	392,658	404,458	428,033	443,592
Professional & Business Services	983,592	975,275	967,217	964,808	982,833
Educational & Health Services	655,433	678,150	707,508	730,142	743,400
Leisure & Hospitality Services	611,025	633,758	644,100	657,825	681,125
Other Services	228,550	235,067	239,683	240,942	241,208
Federal Government	97,283	91,200	90,675	92,442	91,092
State & Local Government	867,033	903,308	928,492	917,375	902,508
TOTAL NONFARM EMPLOYMENT	6,724,350	6,796,958	6,776,833	6,795,317	6,886,892
YEAR-TO-YEAR % CHANGE					
Construction & Mining	6.3%	5.8%	-0.6%	4.2%	7.4%
Durable Manufacturing	-0.7%	-4.1%	-7.6%	-5.6%	-1.1%
Nondurable Manufacturing	0.4%	-5.1%	-6.2%	-3.5%	-1.7%
Wholesale Trade	1.5%	2.1%	-0.7%	-0.2%	0.1%
Retail Trade	3.2%	1.5%	1.5%	1.1%	2.1%
Transportation, Warehousing & Utilities	2.3%	0.3%	-3.8%	-0.9%	1.6%
Information	3.8%	-5.1%	-8.0%	-2.9%	1.4%
Financial Activities	-0.4%	5.8%	3.0%	5.8%	3.6%
Professional & Business Services	3.9%	-0.8%	-0.8%	-0.2%	1.9%
Educational & Health Services	3.1%	3.5%	4.3%	3.2%	1.8%
Leisure & Hospitality Services	3.1%	3.7%	1.6%	2.1%	3.5%
Other Services	2.7%	2.9%	2.0%	0.5%	0.1%
Federal Government	1.5%	-6.3%	-0.6%	1.9%	-1.5%
State & Local Government	4.0%	4.2%	2.8%	-1.2%	-1.6%
TOTAL NONFARM EMPLOYMENT	2.7%	1.1%	-0.3%	0.3%	1.3%
POPULATION	16,459,711	16,802,130	17,135,308	17,452,845	17,784,646
Percentage Change	2.0%	2.1%	2.0%	1.9%	1.9%
TAXABLE SALES (IN THOUSANDS)	196,096,973	199,470,694	203,774,229	215,894,010	236,835,299
Percentage Change	10.2%	1.7%	2.2%	5.9%	9.7%
PERSONAL INCOME (IN MILLIONS)	485,205	509,889	524,505	544,783	583,324
Percentage Change	7.1%	5.1%	2.9%	3.9%	7.1%
BUILDING PERMITS (SINGL.-FAM. RESID.)	37,625	40,643	46,638	54,083	61,161
Percentage Change	0.0%	8.0%	14.8%	16.0%	13.1%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
WAGE & SALARY EMPLOYMENT					
Construction & Mining	385,414	397,128	417,202	13,740	17,309
Durable Manufacturing	504,906	509,075	512,917	-26,125	2,920
Nondurable Manufacturing	314,831	309,965	307,978	-14,794	-4,568
Wholesale Trade	353,183	356,567	359,804	1,088	2,274
Retail Trade	755,297	768,369	781,939	11,056	12,474
Transportation, Warehousing & Utilities	256,203	262,037	268,216	-1,621	5,983
Information	266,913	274,005	282,257	-10,654	6,669
Financial Activities	448,265	453,359	460,679	18,133	5,696
Professional & Business Services	1,005,641	1,027,950	1,053,129	-190	23,432
Educational & Health Services	751,390	772,851	798,111	21,992	18,237
Leisure & Hospitality Services	690,146	708,166	728,332	17,525	15,736
Other Services	243,788	247,901	253,230	3,165	4,007
Federal Government	89,924	89,678	89,708	-1,548	-461
State & Local Government	901,169	910,689	923,093	8,869	6,861
TOTAL NONFARM EMPLOYMENT	6,967,069	7,087,741	7,236,596	40,635	116,568
YEAR-TO-YEAR % CHANGE					
Construction & Mining	5.5%	3.0%	5.1%	4.4%	5.3%
Durable Manufacturing	0.1%	0.8%	0.8%	-4.3%	0.5%
Nondurable Manufacturing	-2.1%	-1.5%	-0.6%	-3.9%	-1.3%
Wholesale Trade	0.1%	1.0%	0.9%	0.3%	0.6%
Retail Trade	1.4%	1.7%	1.8%	1.6%	1.8%
Transportation, Warehousing & Utilities	2.4%	2.3%	2.4%	-0.6%	2.3%
Information	1.8%	2.7%	3.0%	-3.5%	2.3%
Financial Activities	1.1%	1.1%	1.6%	4.9%	1.5%
Professional & Business Services	2.3%	2.2%	2.4%	0.0%	2.4%
Educational & Health Services	1.1%	2.9%	3.3%	3.4%	2.7%
Leisure & Hospitality Services	1.3%	2.6%	2.8%	2.9%	2.5%
Other Services	1.1%	1.7%	2.1%	1.4%	1.7%
Federal Government	-1.3%	-0.3%	0.0%	-1.6%	-0.5%
State & Local Government	-0.1%	1.1%	1.4%	1.0%	0.8%
TOTAL NONFARM EMPLOYMENT	1.2%	1.7%	2.1%	0.6%	1.7%
POPULATION	18,027,440	18,360,293	18,737,433	331,234	317,595
Percentage Change	1.4%	1.8%	2.1%	2.0%	1.8%
TAXABLE SALES (IN THOUSANDS)	257,727,095	277,719,789	297,316,278	10,184,582	20,160,326
Percentage Change	8.8%	7.8%	7.1%	5.2%	8.5%
PERSONAL INCOME (IN MILLIONS)	605,360	641,140	686,052	24,530	34,243
Percentage Change	3.8%	5.9%	7.0%	5.1%	5.9%
BUILDING PERMITS (SINGL.-FAM. RESID.)	65,113	47,892	46,368	5,884	-4,931
Percentage Change	6.5%	-26.4%	-3.2%	15.6%	-8.1%

CSULB Forecast for Southern California

e=estimate, f=forecast.

CSULB ECONOMIC FORECAST FOR IMPERIAL COUNTY

Imperial County

Employment in Imperial County is dominated by three sectors. Because of the climate in the Imperial Valley, with its mild winters and hot summers, it is an ideal environment for year-round farming. One fifth of the county's total employment is found in the agricultural sector. The county also has an unusually large proportion (28 percent) of its employment in the state and local government sector. The reflects the relatively large number of prisons and prison employees in the county. The third dominant sector for the county is retail, which comprises 13 percent of total employment.

In 2005, employment trends in the county have been dominated by trends in the retail sector. This sector added 2,000 jobs this year, more than a 25% gain in percentage terms. This gain in employment is attributable to new retail developments that have come online in the county this year. For example, a new Wal-Mart Supercenter opened in Calexico this year, creating almost 1,000 jobs. Imperial County's retail sector benefits from the county's close proximity to Mexico, since many Mexicans will make the trip over the border to purchase goods in US stores. This year, the other two dominant sectors were roughly flat. However, we estimate that growth in the retail sector was sufficient to lead to an overall growth rate of 5.6 percent this year. While we don't think this rate of growth is sustainable, our forecast calls for employment growth in the range of 3-3.8 percent annually over the next two years, reflecting continued retail development in the County, as well as an improving budgetary situation in Sacramento that will allow for some growth in state and local government employment.

Year	Agriculture	State & Local Government	All Other Sectors	Total Nonfarm	Total Employment	Taxable Sales ($ Thousands)
EMPLOYMENT AND TAXABLE SALES						
2000	12,300	13,658	24,483	38,142	50,442	1,403,530
2001	11,342	14,325	24,342	38,667	50,008	1,381,668
2002	10,142	14,833	25,858	40,692	50,833	1,462,537
2003	10,783	14,900	26,242	41,142	51,925	1,528,886
2004	10,383	14,525	6,308	40,833	51,217	1,690,454
2005e	10,649	14,652	28,472	43,124	53,773	1,859,415
2006f	10,921	14,873	29,907	44,780	55,701	2,030,597
2007f	11,138	15,211	30,945	46,156	57,294	2,208,928
YEAR-TO-YEAR % CHANGE						
2000	-14.3%	4.3%	4.1%	4.2%	-1.0%	8.5%
2001	-7.8%	4.9%	-0.6%	1.4%	-0.9%	-1.6%
2002	-10.6%	3.5%	6.2%	5.2%	1.6%	5.9%
2003	6.3%	0.4%	1.5%	1.1%	2.1%	4.5%
2004	-3.7%	-2.5%	0.3%	-0.7%	-1.4%	10.6%
2005e	2.6%	0.9%	8.2%	5.6%	5.0%	10.0%
2006f	2.6%	1.5%	5.0%	3.8%	3.6%	9.2%
2007f	2.0%	2.3%	3.5%	3.1%	2.9%	8.8%

e=estimate, f=forecast.

Regional Economic Forecast for Southern California
2006-2007

COUNTY FORECAST TABLES
California State University, Fullerton

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Imperial County Historical Data

	2000	2001	2002	2003	2004
LEVELS IN THOUSANDS					
POPULATION					
Total Population	142.5	143.7	145.7	148.9	181.2
Annual percentage change	1.0%	0.8%	1.4%	2.2%	21.7%
HOUSEHOLD EMPLOYMENT					
Labor Force	56.1	55.6	57.5	59.1	59.9
Total Employment	46.3	46.7	48.8	49.8	49.7
Total Unemployment	9.8	8.9	8.7	9.3	10.2
Unemployment Rate	17.5%	16.0%	15.1%	15.7%	17.0%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	38.1	38.7	40.7	41.1	40.8
Goods Producing	3.6	3.5	4.3	4.1	4.1
Natural Resources and Mining	2.0	1.7	1.7	1.6	1.7
Construction	0.0	0.0	0.0	0.0	0.0
Manufacturing	1.6	1.8	2.5	2.5	2.4
Durable Goods	0.9	0.9	0.9	0.9	0.9
Nondurable Goods	0.7	1.0	1.6	1.6	1.4
Service Providing	34.5	35.1	36.4	37.0	36.8
Trade, Transportation and Utilities	9.4	9.6	9.6	10.0	10.1
Wholesale Trade	1.7	1.7	1.6	1.7	1.7
Retail Trade	6.2	6.1	6.2	6.5	6.6
Transportation, Warehousing and Utilities	1.6	1.7	1.7	1.9	1.8
Information	0.4	0.4	0.4	0.4	0.4
Financial Activities	1.4	1.4	1.4	1.4	1.4
Professional and Business Services	1.9	1.7	2.1	2.2	2.1
Educational and Health Services	2.2	2.3	2.4	2.5	2.5
Leisure and Hospitality	2.9	2.8	2.9	2.7	2.9
Other Services	0.8	1.0	1.0	1.0	0.9
Government	15.5	16.1	16.7	16.9	16.6
PERCENTAGE CHANGE					
Total Nonfarm	4.2%	1.4%	5.2%	1.1%	-0.7%
Goods Producing	8.3%	-2.1%	21.0%	-3.7%	-0.8%
Natural Resources and Mining	16.3%	-14.0%	3.5%	-8.1%	7.8%
Construction					
Manufacturing	0.0%	12.2%	37.1%	-0.7%	-6.3%
Durable Goods	11.3%	-0.9%	-0.9%	5.7%	-1.8%
Nondurable Goods	-11.0%	28.1%	72.8%	-4.1%	-9.0%
Service Providing	3.8%	1.7%	3.7%	1.7%	-0.7%
Trade, Transportation and Utilities	5.8%	1.1%	0.4%	4.4%	0.3%
Wholesale Trade	11.3%	-1.4%	-4.4%	3.6%	-1.0%
Retail Trade	4.8%	-0.3%	1.6%	3.9%	1.5%
Transportation, Warehousing and Utilities	3.9%	9.6%	1.0%	7.2%	-2.7%
Information	0.0%	6.3%	-5.9%	0.0%	-4.2%
Financial Activities	6.3%	-4.1%	3.1%	0.0%	-2.4%
Professional and Business Services	6.0%	-10.5%	24.0%	4.0%	-6.1%
Educational and Health Services	-6.4%	4.2%	5.5%	3.1%	0.7%
Leisure and Hospitality	1.1%	-4.3%	1.5%	-6.4%	9.4%
Other Services	0.0%	18.8%	7.9%	-4.9%	-5.1%
Government	4.6%	3.9%	3.6%	1.6%	-2.0%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	2,530	2,742	2,979	3,079	3,842
Annual percentage change	-3.41%	8.36%	8.63%	3.4%	24.8%
Per capita income ($)	$17,752	$19,079	$20,443	$20,674	$21,202
TAXABLE SALES					
Total taxable sales	1,404	1,382	1,463	1,529	1,695
Year to year percentage change	8.5%	-1.6%	5.9%	4.5%	10.9%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
LEVELS IN THOUSANDS					
POPULATION					
Total Population	187.3	193.6	200.4	9.7	6.4
Annual percentage change	3.4%	3.4%	3.5%	6.8%	3.5%
HOUSEHOLD EMPLOYMENT					
Labor Force	63.0	65.3	66.1	0.9	2.1
Total Employment	53.0	54.8	56.3	0.8	2.2
Total Unemployment	10.0	11.3	11.9	0.1	0.6
Unemployment Rate	15.8%	17.3%	18.1%	-0.1%	0.3%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	43.1	44.0	45.0	0.7	1.4
Goods Producing	4.2	4.7	5.0	0.1	0.3
Natural Resources and Mining	1.7	2.0	2.2	-0.1	0.2
Construction	0.0	0.0	0.0	0.0	0.0
Manufacturing	2.5	2.7	2.8	0.2	0.1
Durable Goods	1.0	1.0	1.1	0.0	0.1
Nondurable Goods	1.5	1.6	1.7	0.2	0.1
Service Providing	38.9	39.3	40.1	0.6	1.1
Trade, Transportation and Utilities	11.5	11.7	12.3	0.2	0.7
Wholesale Trade	1.8	1.7	1.7	0.0	0.0
Retail Trade	7.9	7.9	8.2	0.1	0.5
Transportation, Warehousing and Utilities	1.7	2.0	2.4	0.1	0.2
Information	0.4	0.4	0.3	0.0	0.0
Financial Activities	1.4	1.4	1.5	0.0	0.0
Professional and Business Services	2.2	2.0	1.9	0.0	-0.1
Educational and Health Services	2.7	2.6	2.7	0.1	0.1
Leisure and Hospitality	3.2	3.1	3.2	0.0	0.1
Other Services	0.9	1.0	1.0	0.0	0.0
Government	16.7	17.1	17.1	0.3	0.2
PERCENTAGE CHANGE					
Total Nonfarm	5.5%	2.1%	2.4%	1.8%	3.4%
Goods Producing	2.8%	11.1%	6.4%	3.3%	7.2%
Natural Resources and Mining	0.3%	15.4%	9.3%	-3.0%	8.8%
Construction					
Manufacturing	4.6%	8.1%	4.2%	10.8%	6.0%
Durable Goods	6.5%	4.1%	6.7%	0.5%	6.1%
Nondurable Goods	3.5%	10.7%	2.7%	23.3%	5.9%
Service Providing	5.8%	1.1%	1.9%	1.6%	3.0%
Trade, Transportation and Utilities	14.3%	2.0%	4.8%	1.6%	7.4%
Wholesale Trade	7.9%	-3.3%	-4.0%	-0.8%	0.1%
Retail Trade	20.9%	-0.2%	3.2%	1.7%	8.2%
Transportation, Warehousing and Utilities	-4.0%	15.3%	21.3%	3.9%	11.4%
Information	2.5%	-1.4%	-14.0%	-1.0%	-4.4%
Financial Activities	2.6%	2.0%	3.7%	-0.9%	2.8%
Professional and Business Services	5.4%	-9.6%	-4.3%	2.1%	-2.9%
Educational and Health Services	6.8%	-1.2%	4.2%	3.5%	3.3%
Leisure and Hospitality	9.7%	-2.3%	2.8%	-0.1%	3.4%
Other Services	-2.1%	7.2%	8.1%	3.9%	4.5%
Government	0.6%	2.9%	-0.4%	1.8%	1.0%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	4,067	4,320	4,588	328	249
Annual percentage change	5.9%	6.2%	6.2%	13.0%	6.5%
Per capita income ($)	$21,716	$22,317	$22,891	$ 862	$ 563
TAXABLE SALES					
Total taxable sales	1,767	1,862	1,973	73.0	92.8
Year to year percentage change	4.2%	5.4%	6.0%	5.2%	5.5%

e=estimate, f=forecast.

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Los Angeles County Historical Data

	2000	2001	2002	2003	2004
LEVELS IN THOUSANDS					
POPULATION					
Total Population	9,545.8	9,656.4	9,763.8	9,860.4	10,164.8
Annual percentage change	1.2%	1.2%	1.1%	1.0%	3.1%
HOUSEHOLD EMPLOYMENT					
Labor Force	4,681.3	4,753.0	4,769.9	4,782.1	4,809.8
Total Employment	4,427.8	4,483.0	4,446.1	4,447.9	4,494.0
Total Unemployment	253.5	269.9	323.8	334.2	315.7
Unemployment Rate	5.4%	5.7%	6.8%	7.0%	6.6%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	4,072.1	4,073.6	4,026.8	3,982.9	3,992.2
Goods Producing	746.4	718.5	673.0	638.4	627.5
Natural Resources and Mining	3.4	3.8	3.7	3.8	3.9
Construction	131.7	136.8	134.5	134.6	139.4
Manufacturing	611.3	577.9	534.8	500.0	484.2
Durable Goods	341.9	325.4	299.3	276.2	267.8
Nondurable Goods	269.5	252.5	235.5	223.8	216.5
Service Providing	3,325.7	3,355.1	3,353.8	3,344.6	3,364.7
Trade, Transportation and Utilities	784.8	789.8	782.7	774.9	780.2
Wholesale Trade	219.1	219.4	217.3	214.1	214.5
Retail Trade	391.3	394.8	398.2	399.3	404.5
Transportation, Warehousing and Utilities	174.4	175.6	167.2	161.5	161.1
Information	242.6	226.3	207.3	202.3	208.1
Financial Activities	218.7	228.9	232.6	239.8	243.2
Professional and Business Services	598.2	588.0	575.0	559.9	561.0
Educational and Health Services	416.2	432.2	450.4	460.4	467.7
Leisure and Hospitality	344.3	348.5	354.2	362.6	373.1
Other Services	139.7	143.2	145.6	145.5	144.8
Government	581.3	598.3	606.1	599.3	586.6
PERCENTAGE CHANGE					
Total Nonfarm	1.7%	0.0%	-1.1%	-1.1%	0.2%
Goods Producing	-1.1%	-3.7%	-6.3%	-5.1%	-1.7%
Natural Resources and Mining	-1.5%	13.1%	-2.6%	2.7%	1.8%
Construction	3.8%	3.9%	-1.7%	0.1%	3.6%
Manufacturing	-2.1%	-5.5%	-7.5%	-6.5%	-3.2%
Durable Goods	-3.0%	-4.8%	-8.0%	-7.7%	-3.1%
Nondurable Goods	-0.9%	-6.3%	-6.8%	-5.0%	-3.3%
Service Providing	2.4%	0.9%	0.0%	-0.3%	0.6%
Trade, Transportation and Utilities	1.9%	0.6%	-0.9%	-1.0%	0.7%
Wholesale Trade	0.7%	0.1%	-1.0%	-1.5%	0.2%
Retail Trade	2.8%	0.9%	0.8%	0.3%	1.3%
Transportation, Warehousing and Utilities	1.3%	0.7%	-4.8%	-3.4%	-0.2%
Information	2.7%	-6.7%	-8.4%	-2.4%	2.9%
Financial Activities	-1.0%	4.7%	1.6%	3.1%	1.5%
Professional and Business Services	2.3%	-1.7%	-2.2%	-2.6%	0.2%
Educational and Health Services	3.6%	3.8%	4.2%	2.2%	1.6%
Leisure and Hospitality	2.5%	1.2%	1.6%	2.4%	2.9%
Other Services	2.3%	2.5%	1.7%	-0.1%	-0.4%
Government	3.5%	2.9%	1.3%	-1.1%	-2.1%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	279,050	294,508	302,103	311,285	339,832
Annual percentage change	5.71%	5.54%	2.59%	3.0%	9.2%
Per capita income ($)	$29,233	$30,499	$30,943	$31,569	$33,432
TAXABLE SALES					
Total taxable sales	106,674	107,427	108,753	113,685	126,766
Year to year percentage change	9.61%	0.71%	1.23%	4.5%	11.5%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
LEVELS IN THOUSANDS					
POPULATION					
Total Population	10,218.4	10,276.1	10,355.8	154.7	63.7
Annual percentage change	0.5%	0.6%	0.8%	1.6%	0.6%
HOUSEHOLD EMPLOYMENT					
Labor Force	4,883.0	4,937.0	4,961.2	32.1	50.5
Total Employment	4,624.0	4,709.8	4,736.3	16.6	80.7
Total Unemployment	259.0	229.8	231.5	15.6	-28.1
Unemployment Rate	5.3%	4.7%	4.7%	0.3%	-0.6%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	4,015.6	4,041.3	4,087.1	-20.0	31.7
Goods Producing	627.6	629.9	633.0	-29.7	1.8
Natural Resources and Mining	4.1	4.3	4.5	0.1	0.2
Construction	145.3	149.8	156.5	1.9	5.7
Manufacturing	478.1	475.9	472.1	-31.8	-4.0
Durable Goods	266.7	264.9	262.3	-18.5	-1.8
Nondurable Goods	211.4	211.0	209.8	-13.3	-2.2
Service Providing	3,388.1	3,411.4	3,454.1	9.7	29.8
Trade, Transportation and Utilities	785.3	795.4	811.0	-1.1	10.3
Wholesale Trade	213.3	216.2	221.1	-1.1	2.2
Retail Trade	408.5	414.8	423.6	3.3	6.4
Transportation, Warehousing and Utilities	163.4	164.4	166.2	-3.3	1.7
Information	213.2	215.1	218.4	-8.6	3.4
Financial Activities	245.7	247.3	250.2	6.1	2.3
Professional and Business Services	567.8	571.3	577.3	-9.3	5.4
Educational and Health Services	472.0	478.4	489.5	12.9	7.3
Leisure and Hospitality	380.1	382.4	386.3	7.2	4.4
Other Services	146.2	147.5	149.6	1.3	1.6
Government	577.8	574.0	571.8	1.3	-4.9
PERCENTAGE CHANGE					
Total Nonfarm	0.6%	0.6%	1.1%	-0.5%	0.8%
Goods Producing	0.0%	0.4%	0.5%	-4.0%	0.3%
Natural Resources and Mining	7.0%	3.0%	4.4%	3.8%	5.0%
Construction	4.2%	3.1%	4.5%	1.5%	4.1%
Manufacturing	-1.3%	-0.5%	-0.8%	-5.2%	-0.8%
Durable Goods	-0.4%	-0.7%	-1.0%	-5.4%	-0.7%
Nondurable Goods	-2.3%	-0.2%	-0.6%	-4.9%	-1.0%
Service Providing	0.7%	0.7%	1.3%	0.3%	0.9%
Trade, Transportation and Utilities	0.7%	1.3%	2.0%	-0.1%	1.3%
Wholesale Trade	-0.6%	1.3%	2.3%	-0.5%	1.0%
Retail Trade	1.0%	1.5%	2.1%	0.8%	1.6%
Transportation, Warehousing and Utilities	1.4%	0.6%	1.1%	-1.9%	1.1%
Information	2.5%	0.9%	1.5%	-3.6%	1.6%
Financial Activities	1.0%	0.7%	1.2%	2.8%	1.0%
Professional and Business Services	1.2%	0.6%	1.1%	-1.6%	1.0%
Educational and Health Services	0.9%	1.4%	2.3%	3.1%	1.6%
Leisure and Hospitality	1.9%	0.6%	1.0%	2.1%	1.2%
Other Services	1.0%	0.9%	1.4%	0.9%	1.1%
Government	-1.5%	-0.7%	-0.4%	0.2%	-0.8%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	354,637	371,616	289,791	15,196	16,653
Annual percentage change	4.4%	4.8%	4.9%	5.4%	4.9%
Per capita income ($)	$34,706	$36,163	$37,640	$ 1,050	$ 1,402
TAXABLE SALES					
Total taxable sales	134,625	143,248	151,842	5,023	8,359
Year to year percentage change	6.2%	6.4%	6.0%	4.7%	6.6%

e=estimate, f=forecast.

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Orange County Historical Data

	2000	2001	2002	2003	2004
LEVELS IN THOUSANDS					
POPULATION					
Total Population	2,857.0	2,895.8	2,927.9	2,960.1	2,985.0
Annual percentage change	1.5%	1.4%	1.1%	1.1%	0.8%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,481.9	1,512.2	1,530.2	1,556.6	1,586.5
Total Employment	1,429.5	1,452.0	1,453.5	1,481.7	1,518.9
Total Unemployment	52.4	60.2	76.7	74.9	67.6
Unemployment Rate	3.5%	4.0%	5.0%	4.8%	4.3%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	1,388.9	1,413.7	1,403.7	1,429.0	1,460.0
Goods Producing	294.3	289.8	270.6	268.1	275.7
Natural Resources and Mining	0.6	0.6	0.6	0.5	0.6
Construction	77.0	80.7	79.2	83.7	91.8
Manufacturing	216.7	208.5	190.8	183.9	183.3
Durable Goods	153.4	147.8	133.6	127.2	126.7
Nondurable Goods	63.3	60.7	57.2	56.7	56.6
Service Providing	1,094.5	1,123.9	1,133.1	1,160.9	1,184.3
Trade, Transportation and Utilities	259.1	264.4	262.5	265.0	264.4
Wholesale Trade	80.8	83.9	82.4	83.2	82.1
Retail Trade	147.8	150.1	151.4	152.8	153.0
Transportation, Warehousing and Utilities	30.4	30.4	28.7	29.0	29.2
Information	41.5	40.2	36.8	35.2	33.5
Financial Activities	100.8	105.9	110.2	122.2	131.2
Professional and Business Services	248.8	248.4	248.8	252.6	259.7
Educational and Health Services	112.8	114.6	118.4	126.3	130.4
Leisure and Hospitality	140.7	154.3	155.4	158.6	164.6
Other Services	44.2	45.2	45.9	46.7	47.4
Government	146.6	150.9	155.1	154.2	153.2
PERCENTAGE CHANGE					
Total Nonfarm	3.2%	1.8%	-0.7%	1.8%	2.2%
Goods Producing	2.8%	-1.5%	-6.6%	-0.9%	2.8%
Natural Resources and Mining	-17.6%	-4.0%	-5.6%	-5.9%	12.5%
Construction	6.6%	4.8%	-1.9%	5.7%	9.7%
Manufacturing	1.6%	-3.8%	-8.5%	-3.6%	-0.3%
Durable Goods	1.4%	-3.6%	-9.6%	-4.8%	-0.4%
Nondurable Goods	2.1%	-4.1%	-5.7%	-0.9%	-0.2%
Service Providing	3.4%	2.7%	0.8%	2.4%	2.0%
Trade, Transportation and Utilities	2.1%	2.0%	-0.7%	0.9%	-0.3%
Wholesale Trade	-0.7%	3.7%	-1.7%	0.9%	-1.3%
Retail Trade	2.9%	1.5%	0.9%	0.9%	0.2%
Transportation, Warehousing and Utilities	6.1%	0.0%	-5.5%	1.1%	0.7%
Information	13.7%	-3.1%	-8.5%	-4.2%	-4.8%
Financial Activities	0.1%	5.0%	4.0%	10.9%	7.3%
Professional and Business Services	5.6%	-0.2%	0.1%	1.5%	2.8%
Educational and Health Services	2.3%	1.6%	3.3%	6.7%	3.2%
Leisure and Hospitality	2.0%	9.7%	0.7%	2.0%	3.8%
Other Services	3.1%	2.2%	1.5%	1.9%	1.4%
Government	3.9%	2.9%	2.8%	-0.6%	-0.7%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	106,004	109,010	111,205	116,238	122,724
Annual percentage change	10.09%	2.84%	2.01%	4.5%	5.6%
Per capita income ($)	$37,103	$37,645	$37,981	$39,268	$41,114
TAXABLE SALES					
Total taxable sales	44,462	44,595	44,908	47,517	51,828
Year to year percentage change	10.15%	0.30%	0.70%	5.8%	9.1%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
LEVELS IN THOUSANDS					
POPULATION					
Total Population	3,014.8	3,040.1	3,070.7	32.0	28.6
Annual percentage change	1.0%	0.8%	1.0%	1.1%	1.0%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,619.9	1,741.3	1,761.3	26.2	58.3
Total Employment	1,558.6	1,584.8	1,602.1	22.3	27.7
Total Unemployment	61.3	61.6	61.1	3.8	-2.2
Unemployment Rate	3.8%	3.5%	3.5%	0.2%	-0.3%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	1,482.2	1,504.0	1,528.5	17.8	22.8
Goods Producing	280.4	284.8	289.6	-4.7	4.6
Natural Resources and Mining	0.6	0.6	0.6	0.0	0.0
Construction	95.3	99.1	103.9	3.7	4.0
Manufacturing	184.5	185.1	185.0	-8.4	0.6
Durable Goods	128.0	128.2	128.0	-6.7	0.4
Nondurable Goods	56.4	56.6	56.7	-1.7	0.0
Service Providing	1,201.8	1,219.2	1,238.9	22.4	18.2
Trade, Transportation and Utilities	269.3	274.5	280.4	1.3	5.3
Wholesale Trade	82.9	84.5	86.7	0.3	1.5
Retail Trade	156.8	159.7	162.5	1.3	3.2
Transportation, Warehousing and Utilities	29.2	29.4	29.8	-0.3	0.2
Information	32.7	32.6	33.0	-2.0	-0.2
Financial Activities	132.2	130.5	127.6	7.6	-1.2
Professional and Business Services	269.6	277.7	287.2	2.7	9.2
Educational and Health Services	131.2	132.7	135.0	4.4	1.5
Leisure and Hospitality	165.1	167.2	169.8	6.0	1.8
Other Services	48.2	49.6	50.7	0.8	1.1
Government	153.8	155.1	156.6	1.6	1.2
PERCENTAGE CHANGE					
Total Nonfarm	1.5%	1.5%	1.6%	1.3%	1.6%
Goods Producing	1.7%	1.6%	1.7%	-1.6%	1.7%
Natural Resources and Mining	0.1%	0.4%	-0.2%	-1.0%	0.1%
Construction	3.8%	4.0%	4.9%	4.8%	4.4%
Manufacturing	0.7%	0.3%	0.0%	-3.9%	0.3%
Durable Goods	1.1%	0.1%	-0.2%	-4.4%	0.3%
Nondurable Goods	-0.4%	0.3%	0.2%	-2.6%	0.1%
Service Providing	1.5%	1.4%	1.6%	2.1%	1.5%
Trade, Transportation and Utilities	1.9%	1.9%	2.1%	0.5%	2.0%
Wholesale Trade	1.0%	2.0%	2.6%	0.4%	1.9%
Retail Trade	2.5%	1.8%	1.8%	0.9%	2.1%
Transportation, Warehousing and Utilities	-0.3%	0.9%	1.4%	-1.0%	0.7%
Information	-2.3%	-0.3%	1.1%	-4.8%	-0.5%
Financial Activities	0.7%	-1.3%	-2.3%	7.5%	-0.9%
Professional and Business Services	3.8%	3.0%	3.4%	1.1%	3.5%
Educational and Health Services	0.6%	1.2%	1.7%	3.9%	1.2%
Leisure and Hospitality	0.3%	1.3%	1.6%	4.2%	1.1%
Other Services	1.8%	2.8%	2.3%	1.8%	2.4%
Government	0.4%	0.9%	1.0%	1.1%	0.8%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	129,241	136,594	144,271	418	718
Annual percentage change	5.3%	5.7%	5.6%	3.9%	5.9%
Per capita income ($)	$42,869	$44,931	$46,983	$ 1,003	$ 1,956
TAXABLE SALES					
Total taxable sales	56,219	59,820	63,409	1,841	3,860
Year to year percentage change	8.5%	6.4%	6.0%	4.1%	7.4%

e=estimate, f=forecast.

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Riverside/ San Bernardino Counties Historical Data

	2000	2001	2002	2003	2004
LEVELS IN THOUSANDS					
POPULATION					
Total Population	3,279.1	3,386.4	3,503.5	3,645.0	3,698.2
Annual percentage change	2.8%	3.3%	3.5%	4.0%	1.5%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,420.5	1,473.1	1,537.5	1,587.1	1,647.9
Total Employment	1,348.7	1,395.7	1,442.5	1,487.7	1,554.0
Total Unemployment	71.8	77.4	95.0	99.4	93.9
Unemployment Rate	5.1%	5.3%	6.2%	6.3%	5.7%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	988.4	1,029.7	1,064.5	1,099.2	1,149.7
Goods Producing	201.5	208.2	207.5	216.3	232.0
Natural Resources and Mining	1.3	1.2	1.2	1.2	1.2
Construction	80.1	88.4	90.9	99.0	110.8
Manufacturing	120.1	118.6	115.4	116.1	120.0
Durable Goods	85.6	84.1	82.0	82.4	85.5
Nondurable Goods	34.5	34.4	33.4	33.7	34.5
Service Providing	786.9	821.6	857.0	882.9	917.7
Trade, Transportation and Utilities	212.2	219.4	226.3	236.3	250.4
Wholesale Trade	38.3	41.6	41.9	43.5	44.4
Retail Trade	127.4	132.2	137.5	142.7	151.8
Transportation, Warehousing and Utilities	46.4	45.6	46.8	50.1	54.3
Information	12.9	14.6	14.1	13.9	13.8
Financial Activities	34.8	38.2	39.5	42.6	45.3
Professional and Business Services	97.0	101.7	106.8	115.4	125.2
Educational and Health Services	102.2	106.0	112.4	115.8	117.7
Leisure and Hospitality	100.8	104.4	107.2	109.0	115.2
Other Services	35.0	37.1	38.1	38.4	38.8
Government	192.1	200.2	212.7	211.6	211.5
PERCENTAGE CHANGE					
Total Nonfarm	5.3%	4.2%	3.4%	3.3%	4.6%
Goods Producing	7.0%	3.3%	-0.3%	4.2%	7.3%
Natural Resources and Mining	-4.5%	-6.0%	3.5%	1.4%	-2.7%
Construction	11.8%	10.4%	2.8%	8.9%	11.9%
Manufacturing	4.2%	-1.3%	-2.6%	0.6%	3.4%
Durable Goods	3.1%	-1.7%	-2.5%	0.5%	3.8%
Nondurable Goods	7.1%	-0.4%	-2.9%	0.7%	2.5%
Service Providing	4.8%	4.4%	4.3%	3.0%	3.9%
Trade, Transportation and Utilities	5.3%	3.4%	3.1%	4.4%	6.0%
Wholesale Trade	10.0%	8.5%	0.8%	3.7%	2.1%
Retail Trade	4.6%	3.8%	4.0%	3.8%	6.4%
Transportation, Warehousing and Utilities	3.6%	-1.7%	2.6%	7.1%	8.3%
Information	0.5%	13.1%	-3.3%	-1.5%	-0.8%
Financial Activities	0.0%	9.7%	3.4%	8.0%	6.2%
Professional and Business Services	8.5%	4.8%	5.0%	8.1%	8.4%
Educational and Health Services	2.5%	3.8%	6.0%	3.1%	1.7%
Leisure and Hospitality	5.3%	3.6%	2.7%	1.7%	5.6%
Other Services	3.9%	6.1%	2.7%	0.7%	1.1%
Government	4.9%	4.2%	6.2%	-0.6%	0.0%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	74,787	80,406	84,500	89,399	93,826
Annual percentage change	7.76%	7.51%	5.09%	5.8%	5.0%
Per capita income ($)	$22,807	$23,744	$24,119	$24,526	$25,371
TAXABLE SALES					
Total taxable sales	38,865	32,909	40,349	47,517	51,828
Year to year percentage change	12.55%	-8.24%	22.61%	17.8%	9.1%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
LEVELS IN THOUSANDS					
POPULATION					
Total Population	3,792.9	3,890.5	3,993.5	104.8	98.4
Annual percentage change	2.6%	2.6%	2.6%	3.2%	2.7%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,687.0	1,732.0	1,773.9	56.8	42.0
Total Employment	1,599.6	1,643.4	1,684.4	51.3	43.5
Total Unemployment	87.4	87.2	86.1	5.5	-2.6
Unemployment Rate	5.2%	5.0%	4.9%	0.2%	-0.3%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	1,171.6	1,202.0	1,241.9	40.3	30.7
Goods Producing	241.1	249.5	261.7	7.6	9.9
Natural Resources and Mining	1.2	1.2	1.2	0.0	0.0
Construction	118.9	125.0	134.2	7.7	7.8
Manufacturing	121.0	123.3	126.4	0.0	2.1
Durable Goods	86.3	87.9	90.1	0.0	1.5
Nondurable Goods	34.7	35.4	36.2	0.0	0.6
Service Providing	930.6	952.5	980.2	32.7	20.8
Trade, Transportation and Utilities	256.1	262.8	271.9	9.6	7.2
Wholesale Trade	45.3	46.5	48.4	1.5	1.3
Retail Trade	154.6	159.0	164.9	6.1	4.4
Transportation, Warehousing and Utilities	56.1	57.4	59.7	2.0	1.8
Information	13.8	15.2	15.4	0.2	0.6
Financial Activities	46.4	48.0	49.8	2.6	1.5
Professional and Business Services	128.6	133.0	138.9	7.0	4.6
Educational and Health Services	117.6	120.0	123.5	3.9	1.9
Leisure and Hospitality	115.7	118.3	121.0	3.6	2.0
Other Services	39.2	39.9	41.0	1.0	0.7
Government	213.1	215.2	217.5	4.8	2.0
PERCENTAGE CHANGE					
Total Nonfarm	1.9%	2.6%	3.3%	4.1%	2.7%
Goods Producing	3.9%	3.5%	4.9%	3.8%	4.3%
Natural Resources and Mining	-0.1%	-1.6%	-1.5%	-1.0%	-1.1%
Construction	7.3%	5.2%	7.4%	9.6%	7.1%
Manufacturing	0.8%	1.9%	2.5%	0.0%	1.8%
Durable Goods	0.9%	1.9%	2.5%	0.0%	1.8%
Nondurable Goods	0.8%	1.9%	2.4%	0.0%	1.7%
Service Providing	1.4%	2.4%	2.9%	4.2%	2.3%
Trade, Transportation and Utilities	2.3%	2.6%	3.5%	4.5%	2.9%
Wholesale Trade	2.1%	2.6%	4.1%	3.9%	3.0%
Retail Trade	1.9%	2.8%	3.7%	4.8%	2.9%
Transportation, Warehousing and Utilities	3.4%	2.3%	4.0%	4.2%	3.3%
Information	0.0%	10.4%	1.7%	1.7%	4.1%
Financial Activities	2.6%	3.3%	3.8%	7.5%	3.3%
Professional and Business Services	2.7%	3.4%	4.4%	7.2%	3.7%
Educational and Health Services	-0.1%	2.0%	2.9%	3.8%	1.6%
Leisure and Hospitality	0.5%	2.3%	2.3%	3.6%	1.7%
Other Services	1.2%	1.7%	2.7%	2.7%	1.9%
Government	0.8%	1.0%	1.0%	2.5%	0.9%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	99,007	104,912	111,002	4,760	5,725
Annual percentage change	5.5%	6.0%	5.8%	6.4%	6.1%
Per capita income ($)	$26,103	$26,966	$27,796	$ 641	$ 808
TAXABLE SALES					
Total taxable sales	55,197	58,987	62,585	3,990	3,586
Year to year percentage change	6.5%	6.9%	6.1%	11.1%	6.9%

e=estimate, f=forecast.

	2000	2001	2002	2003	2004
LEVELS IN THOUSANDS					
POPULATION					
Total Population	756.7	769.1	780.9	790.6	792.5
Annual percentage change	1.8%	1.6%	1.5%	1.2%	0.2%
HOUSEHOLD EMPLOYMENT					
Labor Force	393.0	399.5	408.0	413.0	416.1
Total Employment	375.1	380.1	384.4	389.2	393.8
Total Unemployment	17.8	19.4	23.6	23.8	22.3
Unemployment Rate	4.5%	4.9%	5.8%	5.8%	5.3%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	275.0	279.9	281.8	284.2	285.0
Goods Producing	57.7	57.4	54.4	54.3	56.0
Natural Resources and Mining	0.8	0.8	0.7	0.6	0.7
Construction	15.5	16.1	15.7	16.6	17.0
Manufacturing	41.4	40.5	38.0	37.1	38.3
Durable Goods	27.8	26.6	24.9	24.0	24.2
Nondurable Goods	13.5	13.9	13.1	13.0	14.1
Service Providing	217.3	222.6	227.5	229.9	229.1
Trade, Transportation and Utilities	49.7	50.8	51.6	52.0	52.8
Wholesale Trade	10.3	11.0	11.7	11.8	12.0
Retail Trade	33.8	33.8	34.2	34.5	35.2
Transportation, Warehousing and Utilities	5.6	5.9	5.8	5.6	5.6
Information	7.9	8.4	8.1	7.2	6.9
Financial Activities	16.7	19.7	22.2	23.4	23.9
Professional and Business Services	39.6	37.2	36.6	36.9	37.0
Educational and Health Services	24.2	25.3	26.3	27.6	27.6
Leisure and Hospitality	25.2	26.6	27.2	27.6	28.3
Other Services	9.7	9.6	10.2	10.4	10.2
Government	44.3	45.1	45.3	44.8	42.4
PERCENTAGE CHANGE					
Total Nonfarm	4.3%	1.8%	0.7%	0.8%	0.3%
Goods Producing	4.8%	-0.5%	-5.3%	-0.1%	3.1%
Natural Resources and Mining	-17.2%	0.0%	-13.5%	-13.3%	13.9%
Construction	5.4%	3.7%	-2.3%	6.1%	1.9%
Manufacturing	5.2%	-2.0%	-6.3%	-2.4%	3.5%
Durable Goods	6.7%	-4.4%	-6.3%	-3.5%	0.8%
Nondurable Goods	2.1%	2.8%	-6.2%	-0.4%	8.4%
Service Providing	4.2%	2.4%	2.2%	1.1%	-0.4%
Trade, Transportation and Utilities	5.9%	2.1%	1.7%	0.7%	1.6%
Wholesale Trade	9.5%	6.6%	6.0%	1.4%	1.3%
Retail Trade	5.3%	0.0%	1.1%	1.0%	1.9%
Transportation, Warehousing and Utilities	3.1%	6.7%	-2.4%	-3.0%	0.0%
Information	-3.3%	5.7%	-3.4%	-11.0%	-4.4%
Financial Activities	3.5%	17.7%	13.1%	5.4%	2.0%
Professional and Business Services	8.2%	-6.1%	-1.5%	0.8%	0.3%
Educational and Health Services	1.0%	4.7%	3.8%	5.0%	-0.1%
Leisure and Hospitality	7.3%	5.4%	2.5%	1.5%	2.4%
Other Services	2.8%	-1.0%	5.4%	2.6%	-1.8%
Government	0.9%	1.7%	0.3%	-1.0%	-5.3%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	25,364	25,964	26,677	27,860	29,104
Annual percentage change	9.73%	2.36%	2.74%	4.4%	4.5%
Per capita income ($)	$33,521	$33,761	$34,163	$35,241	$36,725
TAXABLE SALES					
Total taxable sales	9,096	9,,251	9,804	10,382	11,270
Year to year percentage change	9.08%	1.70%	5.97%	5.9%	8.5%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
LEVELS IN THOUSANDS					
POPULATION					
Total Population	800.7	810.2	821.2	9.0	9.6
Annual percentage change	1.0%	1.2%	1.3%	1.2%	1.2%
HOUSEHOLD EMPLOYMENT					
Labor Force	421.8	426.7	431.0	5.8	5.0
Total Employment	401.6	405.9	409.0	4.7	5.1
Total Unemployment	20.2	20.8	22.0	1.1	-0.1
Unemployment Rate	4.8%	4.9%	5.1%	0.2%	-0.1%
WAGE & SALARY EMPLOYMENT					
Total Nonfarm	286.8	290.0	295.3	2.5	3.4
Goods Producing	57.2	58.7	61.3	-0.4	1.8
Natural Resources and Mining	0.7	0.7	0.6	0.0	0.0
Construction	18.2	19.2	20.6	0.4	1.2
Manufacturing	38.3	38.9	40.1	-0.8	0.6
Durable Goods	24.2	24.5	25.0	-0.9	0.2
Nondurable Goods	14.0	14.4	15.1	0.1	0.3
Service Providing	229.6	231.3	234.0	2.9	1.7
Trade, Transportation and Utilities	48.5	48.1	49.4	0.8	-1.1
Wholesale Trade	11.9	12.2	12.8	0.4	0.3
Retail Trade	35.5	36.0	36.7	0.3	0.5
Transportation, Warehousing and Utilities	5.6	5.6	5.6	0.0	0.0
Information	6.9	6.8	6.6	-0.3	-0.1
Financial Activities	23.7	24.1	25.2	1.8	0.4
Professional and Business Services	37.8	38.4	38.9	-0.6	0.6
Educational and Health Services	28.0	28.2	28.5	0.8	0.3
Leisure and Hospitality	28.2	28.2	28.5	0.8	0.1
Other Services	10.2	10.4	10.7	0.1	0.2
Government	41.8	41.4	40.6	-0.5	-0.6
PERCENTAGE CHANGE					
Total Nonfarm	0.6%	1.1%	1.8%	0.9%	1.2%
Goods Producing	2.2%	2.7%	4.4%	-0.7%	3.2%
Natural Resources and Mining	1.3%	-5.5%	-11.9%	-3.6%	-5.2%
Construction	7.5%	5.4%	7.3%	2.3%	7.2%
Manufacturing	-0.1%	1.5%	3.2%	-1.8%	1.5%
Durable Goods	0.1%	0.9%	2.1%	-3.2%	1.0%
Nondurable Goods	-0.5%	2.6%	5.1%	1.0%	2.4%
Service Providing	0.2%	0.7%	1.2%	1.3%	0.7%
Trade, Transportation and Utilities	-8.0%	-0.8%	2.6%	1.6%	-2.1%
Wholesale Trade	-0.7%	2.2%	4.9%	4.0%	2.1%
Retail Trade	1.0%	1.3%	1.9%	1.0%	1.4%
Transportation, Warehousing and Utilities	-0.3%	0.1%	0.1%	0.3%	0.0%
Information	-0.2%	-0.5%	-3.8%	-3.3%	-1.5%
Financial Activities	-0.9%	1.9%	4.6%	10.7%	1.9%
Professional and Business Services	2.3%	1.4%	1.5%	-1.6%	1.7%
Educational and Health Services	1.5%	0.8%	1.0%	3.5%	1.1%
Leisure and Hospitality	-0.2%	0.0%	0.9%	3.1%	0.2%
Other Services	0.0%	1.8%	2.8%	1.3%	1.5%
Government	-1.5%	-0.9%	-1.9%	-1.1%	-1.4%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	30,602	32,990	34,267	935	1,721
Annual percentage change	5.1%	5.8%	5.8%	3.7%	5.9%
Per capita income ($)	$38,220	$39,977	$41,730	$ 801	$ 1,668
TAXABLE SALES					
Total taxable sales	11,957	12,680	13,416	543	715
Year to year percentage change	6.1%	6.0%	5.8%	6.0%	6.3%

e=estimate, f=forecast.

Regional Economic Forecast for Southern California

2006-2007

COUNTY FORECAST TABLES

California State University, Long Beach

CSULB ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Los Angeles County Historical Data

	2000	2001	2002	2003	2004
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	135,042	140,633	138,167	138,383	143,275
Durable Manufacturing	341,850	325,358	299,325	276,200	267,758
Nondurable Manufacturing	269,475	252,533	235,467	223,767	216,458
Wholesale Trade	219,133	219,417	217,300	214,058	214,542
Retail Trade	391,267	394,808	398,158	399,317	404,533
Transportation, Warehousing & Utilities	174,358	175,550	167,192	161,483	161,108
Information	242,625	226,258	207,300	202,333	208,100
Financial Activities	218,733	228,942	232,592	239,750	243,242
Professional & Business Services	598,158	587,983	575,025	559,933	561,008
Educational & Health Services	416,225	432,175	450,408	460,383	467,650
Leisure & Hospitality Services	344,317	348,500	354,225	362,600	373,100
Other Services	139,667	143,150	145,575	145,450	144,833
Federal Government	57,933	54,350	54,142	55,483	54,350
State & Local Government	523,317	543,917	551,908	543,767	532,200
TOTAL NONFARM EMPLOYMENT	4,072,100	4,073,575	4,026,783	3,982,908	3,992,158
YEAR-TO-YEAR % CHANGE					
Construction & Mining	3.6%	4.1%	-1.8%	0.2%	3.5%
Durable Manufacturing	-3.0%	-4.8%	-8.0%	-7.7%	-3.1%
Nondurable Manufacturing	-0.9%	-6.3%	-6.8%	-5.0%	-3.3%
Wholesale Trade	0.7%	0.1%	-1.0%	-1.5%	0.2%
Retail Trade	2.8%	0.9%	0.8%	0.3%	1.3%
Transportation, Warehousing & Utilities	1.3%	0.7%	-4.8%	-3.4%	-0.2%
Information	2.7%	-6.7%	-8.4%	-2.4%	2.9%
Financial Activities	-1.0%	4.7%	1.6%	3.1%	1.5%
Professional & Business Services	2.3%	-1.7%	-2.2%	-2.6%	0.2%
Educational & Health Services	3.6%	3.8%	4.2%	2.2%	1.6%
Leisure & Hospitality Services	2.5%	1.2%	1.6%	2.4%	2.9%
Other Services	2.3%	2.5%	1.7%	-0.1%	-0.4%
Federal Government	1.5%	-6.2%	-0.4%	2.5%	-2.0%
State & Local Government	3.7%	3.9%	1.5%	-1.5%	-2.1%
TOTAL NONFARM EMPLOYMENT	1.7%	0.0%	-1.1%	-1.1%	0.2%
TAXABLE SALES (IN THOUSANDS)	106,673,534	107,426,692	108,753,064	113,685,422	122,533,104
Percentage Change	9.6%	0.7%	1.2%	4.5%	7.8%
BUILDING PERMITS (SINGL.-FAM. RESID.)	8,398	8,181	8,217	10,217	11,752
Percentage Change	9.7%	-2.6%	0.4%	24.3%	15.0%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	149,567	149,305	152,282	2,058	3,002
Durable Manufacturing	266,040	266,053	266,474	-18,523	-428
Nondurable Manufacturing	209,913	204,031	200,335	-13,254	-5,374
Wholesale Trade	212,918	212,194	211,369	-1,148	-1,057
Retail Trade	408,496	412,828	416,657	3,317	4,041
Transportation, Warehousing & Utilities	164,810	168,645	172,516	-3,313	3,802
Information	213,626	219,267	225,741	-8,631	5,880
Financial Activities	245,628	247,986	251,957	6,127	2,905
Professional & Business Services	568,623	579,305	587,925	-9,288	8,972
Educational & Health Services	473,805	485,765	500,624	12,856	10,991
Leisure & Hospitality Services	381,414	388,975	397,917	7,196	8,272
Other Services	146,113	148,089	150,567	1,292	1,911
Federal Government	53,775	53,547	53,322	-896	-343
State & Local Government	525,526	527,517	532,773	2,221	191
TOTAL NONFARM EMPLOYMENT	4,020,253	4,063,508	4,120,457	-19,985	42,766
YEAR-TO-YEAR % CHANGE					
Construction & Mining	4.4%	-0.2%	2.0%	1.5%	2.1%
Durable Manufacturing	-0.6%	0.0%	0.2%	-5.4%	-0.2%
Nondurable Manufacturing	-3.0%	-2.8%	-1.8%	-4.9%	-2.5%
Wholesale Trade	-0.8%	-0.3%	-0.4%	-0.5%	-0.5%
Retail Trade	1.0%	1.1%	0.9%	0.8%	1.0%
Transportation, Warehousing & Utilities	2.3%	2.3%	2.3%	-1.9%	2.4%
Information	2.7%	2.6%	3.0%	-3.6%	2.8%
Financial Activities	1.0%	1.0%	1.6%	2.8%	1.2%
Professional & Business Services	1.4%	1.9%	1.5%	-1.6%	1.6%
Educational & Health Services	1.3%	2.5%	3.1%	3.1%	2.4%
Leisure & Hospitality Services	2.2%	2.0%	2.3%	2.1%	2.2%
Other Services	0.9%	1.4%	1.7%	0.9%	1.3%
Federal Government	-1.1%	-0.4%	-0.4%	-1.5%	-0.6%
State & Local Government	-1.3%	0.4%	1.0%	0.4%	0.0%
TOTAL NONFARM EMPLOYMENT	0.7%	1.1%	1.4%	-0.5%	1.1%
TAXABLE SALES (IN THOUSANDS)	131,995,689	139,876,823	146,709,313	3,964,893	8,058,736
Percentage Change	7.7%	6.0%	4.9%	3.7%	6.6%
BUILDING PERMITS (SINGL.-FAM. RESID.)	11,906	9,047	9,508	839	-748
Percentage Change	1.3%	-1.3%	5.1%	10.0%	-6.4%

e=estimate, f=forecast.

	2000	2001	2002	2003	2004
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	77,600	81,283	79,750	84,225	92,417
Durable Manufacturing	153,425	147,825	133,567	127,150	126,650
Nondurable Manufacturing	63,300	60,708	57,242	56,742	56,633
Wholesale Trade	80,842	83,850	82,425	83,200	82,092
Retail Trade	147,833	150,108	151,400	152,792	153,033
Transportation, Warehousing & Utilities	30,400	30,392	28,717	29,042	29,242
Information	41,467	40,192	36,767	35,225	33,525
Financial Activities	100,833	105,908	110,175	122,233	131,208
Professional & Business Services	248,842	248,442	248,800	252,567	259,683
Educational & Health Services	112,842	114,608	118,442	126,333	130,425
Leisure & Hospitality Services	140,700	154,308	155,425	158,567	164,583
Other Services	44,192	45,183	45,858	46,717	47,358
Federal Government	12,992	12,042	11,783	12,092	11,875
State & Local Government	133,592	138,850	143,342	142,125	141,283
TOTAL NONFARM EMPLOYMENT	1,388,858	1,413,700	1,403,692	1,429,008	1,460,008
YEAR-TO-YEAR % CHANGE					
Construction & Mining	6.3%	4.7%	-1.9%	5.6%	9.7%
Durable Manufacturing	1.4%	-3.6%	-9.6%	-4.8%	-0.4%
Nondurable Manufacturing	2.1%	-4.1%	-5.7%	-0.9%	-0.2%
Wholesale Trade	-0.7%	3.7%	-1.7%	0.9%	-1.3%
Retail Trade	2.9%	1.5%	0.9%	0.9%	0.2%
Transportation, Warehousing & Utilities	6.1%	0.0%	-5.5%	1.1%	0.7%
Information	13.7%	-3.1%	-8.5%	-4.2%	-4.8%
Financial Activities	0.1%	5.0%	4.0%	10.9%	7.3%
Professional & Business Services	5.6%	-0.2%	0.1%	1.5%	2.8%
Educational & Health Services	2.3%	1.6%	3.3%	6.7%	3.2%
Leisure & Hospitality Services	2.0%	9.7%	0.7%	2.0%	3.8%
Other Services	3.1%	2.2%	1.5%	1.9%	1.4%
Federal Government	2.0%	-7.3%	-2.1%	2.6%	-1.8%
State & Local Government	4.0%	3.9%	3.2%	-0.8%	-0.6%
TOTAL NONFARM EMPLOYMENT	3.2%	1.8%	-0.7%	1.8%	2.2%
TAXABLE SALES (IN THOUSANDS)	44,462,460	44,595,314	44,869,156	47,517,066	51,682,059
Percentage Change	10.1%	0.3%	0.6%	5.9%	8.8%
BUILDING PERMITS (SINGL.-FAM. RESID.)	6,771	5,926	6,423	5,565	4,380
Percentage Change	-11.9%	-12.5%	8.4%	-13.4%	-21.3%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	95,984	96,465	98,459	3,704	2,014
Durable Manufacturing	128,233	128,982	129,459	-6,694	936
Nondurable Manufacturing	56,267	55,819	56,161	-1,667	-157
Wholesale Trade	83,082	85,462	87,125	313	1,678
Retail Trade	156,652	158,943	161,324	1,300	2,763
Transportation, Warehousing & Utilities	29,092	28,804	28,632	-290	-203
Information	32,783	33,786	34,916	-1,985	463
Financial Activities	132,743	134,938	137,569	7,594	2,120
Professional & Business Services	270,067	274,234	282,087	2,710	7,468
Educational & Health Services	131,585	136,647	142,530	4,396	4,035
Leisure & Hospitality Services	165,043	170,399	176,447	5,971	3,954
Other Services	48,011	48,089	48,775	792	472
Federal Government	11,368	11,585	11,704	-279	-57
State & Local Government	143,513	146,226	148,011	1,923	2,243
TOTAL NONFARM EMPLOYMENT	1,484,424	1,510,379	1,543,198	17,787	27,730
YEAR-TO-YEAR % CHANGE					
Construction & Mining	3.9%	0.5%	2.1%	4.8%	2.2%
Durable Manufacturing	1.2%	0.6%	0.4%	-4.4%	0.7%
Nondurable Manufacturing	-0.6%	-0.8%	0.6%	-2.6%	-0.3%
Wholesale Trade	1.2%	2.9%	1.9%	0.4%	2.0%
Retail Trade	2.4%	1.5%	1.5%	0.9%	1.8%
Transportation, Warehousing & Utilities	-0.5%	-1.0%	-0.6%	-1.0%	-0.7%
Information	-2.2%	3.1%	3.3%	-4.8%	1.4%
Financial Activities	1.2%	1.7%	2.0%	7.5%	1.6%
Professional & Business Services	4.0%	1.5%	2.9%	1.1%	2.9%
Educational & Health Services	0.9%	3.8%	4.3%	3.9%	3.1%
Leisure & Hospitality Services	0.3%	3.2%	3.5%	4.2%	2.4%
Other Services	1.4%	0.2%	1.4%	1.8%	1.0%
Federal Government	-4.3%	1.9%	1.0%	-2.1%	-0.5%
State & Local Government	1.6%	1.9%	1.2%	1.4%	1.6%
TOTAL NONFARM EMPLOYMENT	1.7%	1.7%	2.2%	1.3%	1.9%
TAXABLE SALES (IN THOUSANDS)	56,123,655	60,166,962	63,939,983	1,804,900	4,085,975
Percentage Change	8.6%	7.2%	6.3%	4.1%	7.9%
BUILDING PERMITS (SINGL.-FAM. RESID.)	4,367	6,140	6,404	-598	675
Percentage Change	-0.3%	40.6%	4.3%	-8.8%	15.4%

e=estimate, f=forecast.

CSULB ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Riverside/ San Bernardino Counties Historical Data

	2000	2001	2002	2003	2004
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	81,375	89,600	92,108	100,192	111,950
Durable Manufacturing	85,575	84,142	82,000	82,417	85,525
Nondurable Manufacturing	34,542	34,408	33,417	33,650	34,483
Wholesale Trade	38,325	41,575	41,925	43,458	44,367
Retail Trade	127,400	132,208	137,525	142,692	151,775
Transportation, Warehousing & Utilities	46,425	45,642	46,808	50,117	54,292
Information	12,867	14,558	14,083	13,867	13,758
Financial Activities	34,783	38,150	39,458	42,625	45,250
Professional & Business Services	97,025	101,692	106,800	115,442	125,158
Educational & Health Services	102,167	106,033	112,358	115,800	117,733
Leisure & Hospitality Services	100,817	104,400	107,225	109,025	115,150
Other Services	34,958	37,100	38,092	38,350	38,783
Federal Government	18,183	16,850	16,892	17,042	17,117
State & Local Government	173,958	183,383	195,842	194,517	194,350
TOTAL NONFARM EMPLOYMENT	988,400	1,029,742	1,064,533	1,099,192	1,149,692
YEAR-TO-YEAR % CHANGE					
Construction & Mining	11.5%	10.1%	2.8%	8.8%	11.7%
Durable Manufacturing	3.1%	-1.7%	-2.5%	0.5%	3.8%
Nondurable Manufacturing	7.1%	-0.4%	-2.9%	0.7%	2.5%
Wholesale Trade	10.0%	8.5%	0.8%	3.7%	2.1%
Retail Trade	4.6%	3.8%	4.0%	3.8%	6.4%
Transportation, Warehousing & Utilities	3.6%	-1.7%	2.6%	7.1%	8.3%
Information	0.5%	13.1%	-3.3%	-1.5%	-0.8%
Financial Activities	0.0%	9.7%	3.4%	8.0%	6.2%
Professional & Business Services	8.5%	4.8%	5.0%	8.1%	8.4%
Educational & Health Services	2.5%	3.8%	6.0%	3.1%	1.7%
Leisure & Hospitality Services	5.3%	3.6%	2.7%	1.7%	5.6%
Other Services	3.9%	6.1%	2.7%	0.7%	1.1%
Federal Government	4.1%	-7.3%	0.2%	0.9%	0.4%
State & Local Government	5.0%	5.4%	6.8%	-0.7%	-0.1%
TOTAL NONFARM EMPLOYMENT	5.3%	4.2%	3.4%	3.3%	4.6%
TAXABLE SALES (IN THOUSANDS)	35,864,887	37,915,698	40,348,496	44,309,082	51,443,315
Percentage Change	12.6%	5.7%	6.4%	9.8%	16.1%
BUILDING PERMITS (SINGL.-FAM. RESID.)	18,612	19,461	23,379	29,770	35,957
Percentage Change	13.8%	4.6%	20.1%	27.3%	20.8%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	120,672	131,354	145,486	7,644	11,179
Durable Manufacturing	86,427	89,199	91,363	-13	1,946
Nondurable Manufacturing	34,732	35,627	36,165	-15	561
Wholesale Trade	45,351	46,766	48,715	1,510	1,449
Retail Trade	154,542	159,636	165,438	6,094	4,554
Transportation, Warehousing & Utilities	56,690	58,848	61,309	1,967	2,339
Information	13,668	13,914	14,407	223	216
Financial Activities	46,338	46,950	47,444	2,617	731
Professional & Business Services	128,893	135,477	143,334	7,033	6,059
Educational & Health Services	117,931	122,230	126,307	3,892	2,858
Leisure & Hospitality Services	115,423	119,880	124,111	3,583	2,987
Other Services	39,463	41,367	43,318	956	1,512
Federal Government	17,316	17,159	17,240	-267	41
State & Local Government	197,887	202,852	207,924	5,098	4,525
TOTAL NONFARM EMPLOYMENT	1,175,333	1,221,261	1,272,562	40,323	40,957
YEAR-TO-YEAR % CHANGE					
Construction & Mining	7.8%	8.9%	10.8%	9.4%	10.0%
Durable Manufacturing	1.1%	3.2%	2.4%	0.0%	2.3%
Nondurable Manufacturing	0.7%	2.6%	1.5%	0.0%	1.6%
Wholesale Trade	2.2%	3.1%	4.2%	3.9%	3.3%
Retail Trade	1.8%	3.3%	3.6%	4.8%	3.0%
Transportation, Warehousing & Utilities	4.4%	3.8%	4.2%	4.2%	4.3%
Information	-0.7%	1.8%	3.5%	1.7%	1.6%
Financial Activities	2.4%	1.3%	1.1%	7.5%	1.6%
Professional & Business Services	3.0%	5.1%	5.8%	7.2%	4.8%
Educational & Health Services	0.2%	3.6%	3.3%	3.8%	2.4%
Leisure & Hospitality Services	0.2%	3.9%	3.5%	3.6%	2.6%
Other Services	1.8%	4.8%	4.7%	2.7%	3.9%
Federal Government	1.2%	-0.9%	0.5%	-1.5%	0.2%
State & Local Government	1.8%	2.5%	2.5%	2.9%	2.3%
TOTAL NONFARM EMPLOYMENT	2.2%	3.9%	4.2%	4.1%	3.6%
TAXABLE SALES (IN THOUSANDS)	,723,587	65,093,766	73,369,357	3,894,607	7,308,681
Percentage Change	12.2%	12.8%	12.7%	10.9%	14.2%
BUILDING PERMITS (SINGL.-FAM. RESID.)	46,545	35,018	30,038	4,336	-1,973
Percentage Change	29.4%	-24.8%	-14.2%	23.3%	-5.5%

e=estimate, f=forecast.

	2000	2001	2002	2003	2004
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	16,300	16,867	16,383	17,242	17,633
Durable Manufacturing	27,808	26,592	24,908	24,033	24,225
Nondurable Manufacturing	13,542	13,925	13,067	13,017	14,108
Wholesale Trade	10,333	11,017	11,675	11,833	11,983
Retail Trade	33,792	33,792	34,150	34,508	35,175
Transportation, Warehousing & Utilities	5,567	5,942	5,800	5,625	5,625
Information	7,908	8,358	8,075	7,183	6,867
Financial Activities	16,708	19,658	22,233	23,425	23,892
Professional & Business Services	39,567	37,158	36,592	36,867	36,983
Educational & Health Services	24,200	25,333	26,300	27,625	27,592
Leisure & Hospitality Services	25,192	26,550	27,225	27,633	28,292
Other Services	9,733	9,633	10,158	10,425	10,233
Federal Government	8,175	7,958	7,858	7,825	7,750
State & Local Government	36,167	37,158	37,400	36,967	34,675
TOTAL NONFARM EMPLOYMENT	274,992	279,942	281,825	284,208	285,033
YEAR-TO-YEAR % CHANGE					
Construction & Mining	4.0%	3.5%	-2.9%	5.2%	2.3%
Durable Manufacturing	6.7%	-4.4%	-6.3%	-3.5%	0.8%
Nondurable Manufacturing	2.1%	2.8%	-6.2%	-0.4%	8.4%
Wholesale Trade	9.5%	6.6%	6.0%	1.4%	1.3%
Retail Trade	5.3%	0.0%	1.1%	1.0%	1.9%
Transportation, Warehousing & Utilities	3.1%	6.7%	-2.4%	-3.0%	0.0%
Information	-3.3%	5.7%	-3.4%	-11.0%	-4.4%
Financial Activities	3.5%	17.7%	13.1%	5.4%	2.0%
Professional & Business Services	8.2%	-6.1%	-1.5%	0.8%	0.3%
Educational & Health Services	1.0%	4.7%	3.8%	5.0%	-0.1%
Leisure & Hospitality Services	7.3%	5.4%	2.5%	1.5%	2.4%
Other Services	2.8%	-1.0%	5.4%	2.6%	-1.8%
Federal Government	-4.0%	-2.7%	-1.3%	-0.4%	-1.0%
State & Local Government	2.1%	2.7%	0.7%	-1.2%	-6.2%
TOTAL NONFARM EMPLOYMENT	4.3%	1.8%	0.7%	0.8%	0.3%
TAXABLE SALES (IN THOUSANDS)	9,096,092	9,532,990	9,803,513	10,382,440	11,176,821
Percentage Change	9.1%	4.8%	2.8%	3.7%	3.0%
BUILDING PERMITS (SINGL.-FAM. RESID.)	2,995	3,157	2,228	2,344	1,789
Percentage Change	-18.2%	5.4%	-29.4%	5.2%	-23.7%

	2005e	2006f	2007f	Average Annual Change (2000-2004)	(2004-2007)
WAGE AND SALARY EMPLOYMENT					
CConstruction & Mining	19,192	20,005	20,974	333	835
Durable Manufacturing	24,206	24,841	25,621	-896	349
Nondurable Manufacturing	13,918	14,488	15,317	142	302
Wholesale Trade	11,832	12,145	12,595	413	153
Retail Trade	35,607	36,962	38,521	346	836
Transportation, Warehousing & Utilities	5,611	5,741	5,759	15	34
Information	6,836	7,037	7,194	-260	82
Financial Activities	23,557	23,486	23,709	1,796	-46
Professional & Business Services	38,058	38,933	39,784	-646	700
Educational & Health Services	28,068	28,209	28,650	848	265
Leisure & Hospitality Services	28,265	28,911	29,858	775	391
Other Services	10,202	10,356	10,570	125	84
Federal Government	7,466	7,386	7,442	-106	-77
State & Local Government	34,242	34,093	34,385	-373	-72
TOTAL NONFARM EMPLOYMENT	287,060	292,593	300,379	2,510	3,836
YEAR-TO-YEAR % CHANGE					
Construction & Mining	8.8%	4.2%	4.8%	2.0%	4.7%
Durable Manufacturing	-0.1%	2.6%	3.1%	-3.2%	1.4%
Nondurable Manufacturing	-1.3%	4.1%	5.7%	1.0%	2.1%
Wholesale Trade	-1.3%	2.6%	3.7%	4.0%	1.3%
Retail Trade	1.2%	3.8%	4.2%	1.0%	2.4%
Transportation, Warehousing & Utilities	-0.2%	2.3%	0.3%	0.3%	0.6%
Information	-0.4%	2.9%	2.2%	-3.3%	1.2%
Financial Activities	-1.4%	-0.3%	1.0%	10.7%	-0.2%
Professional & Business Services	2.9%	2.3%	2.2%	-1.6%	1.9%
Educational & Health Services	1.7%	0.5%	1.6%	3.5%	1.0%
Leisure & Hospitality Services	-0.1%	2.3%	3.3%	3.1%	1.4%
Other Services	-0.3%	1.5%	2.1%	1.3%	0.8%
Federal Government	-3.7%	-1.1%	0.8%	-1.3%	-1.0%
State & Local Government	-1.2%	-0.4%	0.9%	-1.0%	-0.2%
TOTAL NONFARM EMPLOYMENT	0.7%	1.9%	2.7%	0.9%	1.3%
TAXABLE SALES (IN THOUSANDS)	11,884,164	12,582,239	13,297,624	520,182	706,934
Percentage Change	5.9%	6.4%	5.7%	5.7%	6.3%
BUILDING PERMITS (SINGL.-FAM. RESID.)	2,295	2,667	2,931	-302	381
Percentage Change	28.3%	16.2%	9.9%	-10.1%	21.3%

e=estimate, f=forecast.

SOUTHERN CALIFORNIA
ASSOCIATION of
GOVERNMENTS

Resolving Regional Challenges

818 W. Seventh Street, 12th Floor, Los Angeles, CA 90017-3435
213.236.1800 * www.scag.ca.gov

#2004 Economic Forecast Conference 1-16-06

Regional Economic Forecast For Southern California 2006-2007

The Race Is On

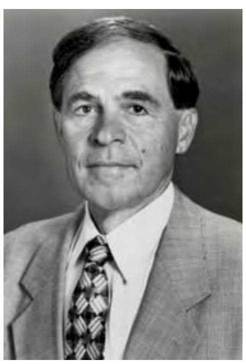
Biographical Information on the Speakers

Southern California
Association of Governments

The Honorable Toni Young
President, Southern California Association of Governments
Councilmember, City of Port Hueneme

Toni Young was elected to Port Hueneme City Council in 1992, and her service has included three separate terms as Mayor (1994, 1999, 2004) Her additional experience in Port Hueneme includes serving as a charter board member of the Port Hueneme Water Agency and member of the South Coast Area Transit Board.

For SCAG, Councilmember Young serves as Regional Council Representative of Camarillo, Oxnard, and Port Hueneme. In addition to her position as Chair of SCAG's Energy and Environment Committee, Councilmember Young is also a member of SCAG's Water Task Force, Communications and Membership Subcommittee, Benchmarks Task Force and number of other committees. Councilmember Young has been nominated by the League of California Cities to be a member of the Public Safety Policy Committee at the National League of Cities. Young has also served the community in other capacities, including as an alternate board member to the Ventura County Association of Water Agencies and as president of the Channel Counties Division of the League of California Cities in 1997.



Mark A. Pisano
Executive Director, Southern California Association of Governments (SCAG)

Mark Pisano directs the activities of the Southern California Association of Governments, the nation's largest regional planning agency. The counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura, and cities within these counties, are members of the Association. The purpose of this voluntary association of local governments is to provide an open forum where region-wide issues can be explored and comprehensive plans dealing with air and water quality, transportation, regional growth and development, housing, and other areas critical to the region can be developed.

Prior to joining SCAG in November 1976, Mr. Pisano was director of the Environmental Protection Agency's Water Quality Planning Division. For several years, Pisano was responsible for developing policy on implementation of the nation's water quality management process, including basin and facility planning and wastewater management programs. He previously served as an economist with the Environmental Protection Agency. A Ph.D. candidate at Georgetown University, Pisano was a lecturer there during the summers of 1970 and 1971. He is also the author of numerous papers, speeches, and articles on subjects such as economics, growth, transportation, water quality, and governance.

The Honorable Jon A. Edney
Councilmember, City of El Centro

El Centro City Councilmember Jon Edney is a member of SCAG's Regional Council, where he serves on the Southwest Compact Task Force, Goods Movement Task Force Community Economy & Human Development Committee and the Administration Committee. Edney has been active in the El Centro community for many years. He served as a Trustee for the El Centro Elementary School District from October 1998 through November 2003, including two terms as president. He also served as Imperial County Grand Jury foreman in 1992-1993.

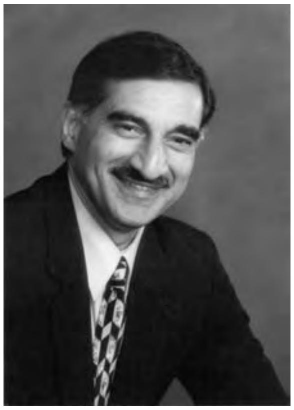
Councilmember Edney is president and owner of Imperial Valley Real Estate Services Inc., the Valley's largest property management company, managing real property assets in excess of fifty million dollars. Edney served as president of the Imperial Valley Board of Realtors in 2003, as well as served three years as state director of the California Association of Realtors. He is an active member and volunteer at his church, and he has coached youth athletics for many years.

Dr. Mark Schniepp
Director, California Economic Forecast Project

Dr. Mark Schniepp has prepared long-term and short-term projections of economic and demographic activity at both the county and state levels. He has 20 years of experience in the economic analysis of regional modeling, forecasting, and developing analytical methods to evaluate the economic and financial impacts of alternative projects or policies on local communities.

Dr. Schniepp prepares the annual Orange County Economic Outlook together with the UCLA Anderson Forecast each year in November. Dr. Schniepp also prepares an annual forecast for the Southern California economy for the UCLA Anderson Forecast Project. He is currently Director of the California Economic Forecast in Santa Barbara. The Company prepares a 58 County economic forecast for the California Department of Transportation. The Company has developed a large California County level economic and demographic database.

Dr. Schniepp served as senior economist to Kathleen Connell, the California State Controller, from 1999 to 2003. Dr. Schniepp was Director of the Economic Forecast Project at the University of California, Santa Barbara, between 1982 and 2000. He also taught regional modeling in the Department of Geography at UCSB. Dr Schniepp received his Ph.D. from the University of California, Santa Barbara in 1981.



Anil K. Puri, Ph.D.
Dean, College of Business and Economics, California State University Fullerton

Dr. Anil K. Puri is Dean of the College of Business and Economics and Co-Director of the Institute for Economic and Environmental Studies at California State University, Fullerton. Cal State Fullerton's College of Business and Economics is the second largest accredited business school in the nation, and the largest in California. Dr. Puri also serves as Executive Vice President of the Western Economic Association International, the second largest professional association of economists in the U.S., and is a panel member of the National Association of Business Economists' Survey of Economic Conditions. He earned his Ph.D. in Economics from the University of Minnesota.

Dr. Puri's research interests are in the areas of regional and environmental economics, and he has developed large-scale economic models of Orange County and Southern California used to produce economic forecasts for these areas. He has also been the principal researcher for several major grants in the public and private sectors, and his research has been published in leading academic journals.

Lisa Grobar, Ph.D.
Director, Economic Forecast Project, California State University Long Beach

Dr. Lisa Grobar is director of the Economic Forecast Project and Associate Director of the Office of Economic Research at California State University, Long Beach. She is a professor of economics and has been a member of the faculty since 1989.

Dr. Grobar's research has appeared in "Contemporary Economic Policy," "Journal of Developmental Economics," "Growth and Change," and numerous other publications. Her recent research has focused on issues relevant to the economy of California, examining such topics as the growth of the Internet economy in Southern California, the increasing use of temporary workers in California, export-oriented employment in Southern California, and the dynamics of the California labor market during the recession of the early 1990's. Dr. Grobar received her Ph.D. from the University of Michigan in 1989. Her areas of specialization include regional economics and international trade.

Barry Sedlik
Undersecretary & Senior Advisor for Economic Development
California Business, Transportation and Housing Agency

Barry Sedlik was appointed by Governor Arnold Schwarzenegger as Undersecretary of the Business, Transportation and Housing Agency and Senior Advisor for Economic Development in April 2004. Along with Secretary Sunne Wright McPeak, Undresecretary Sedlik is responsible for 14 departments of state government and 41,000 employees including Caltrans, the California Infrastructure Bank, the California Film Commission, the California Travel and Tourism Commission, and activities associated with international trade. Prior to his appointment, Sedlik was Chief Operating Officer of the Los Angeles Economic Development Corporation and President and CEO of the World Trade Center Association of Los Angeles-Long Beach. He previously worked in a variety of positions at Southern California Edison including Economic and Business Development, a group, which he started and managed for over ten years.

Sedlik served on many boards and organizations including: the California Association for Local Economic Development, Team California, the California Fashion Association, the California Manufacturing Technology Center and the California Council for International Trade. He was an advisor to the California economic strategy panel and a member of the economic advisory panel of the California Institute in Washington, D.C. Sedlik has a Bachelor's Degree in Industrial Engineering and a Master's Degree in System Engineering, both earned at the University of Florida.

The Honorable Wendy Greuel
Councilmember - District 2
City of Los Angeles

Councilmember Wendy Greuel was sworn into office as a member of the Los Angeles City Council on April 4, 2002/ Greuel is a life-long resident of the San Fernando Valley, a successful businesswoman and long-time community leader.

Councilmember Greuel is also a member of SCAG's Regional Council. She has extensive experience in community outreach, working in both the public and private sectors. Throughout her career, Greuel has developed a record of accomplishments by solving problems and addressing neighborhood needs. Her accomplishments on the City Council include authoring a Business Tax Reform package that provides over $90 million in relief for businesses. The city now has a business tax system that attracts business to Los Angeles, creates jobs for our families and invests in Los Angeles' economy. From her days as a key member of Mayor Tom Bradley's team at City Hall, to her time as a high-ranking federal official working with Cabinet Secretary Henry Cisneros at the Department of Housing and Urban Development, Greuel knows and understands Los Angeles and has a passion for community and public service.

Steven Levy
Director and Senior Economist
Center for Continuing Study of the California Economy

Stephen Levy is director and senior economist of the Center for Continuing Study of the California Economy (CCSCE) in Palo Alto. CCSCE is a private research organization founded in 1969 to provide an independent assessment of economic and demographic trends in California. CCSCE works with private companies and public institutions that require an explanation and analysis of the growth process as well as detailed projections. Levy is the principal author of CCSCE's annual report series on California's economy. CCSCE annual reports have acquired a national reputation for credible and independent analysis.

Levy is currently helping regional planning agencies in Southern California and Sacramento address the challenges of planning for future growth, providing long-term regional projections of jobs, population and household income. CCSCE provides long-term economic and demographic projections to such institutions SCAG, the Sacramento Area Council of Governments (SACOG), the Irvine Company and the South Coast Air Quality Management District. He recently completed a report on workforce investment issues and challenges and has spent the last year presenting the report around the state. Levy has degrees in economics from MIT and Stanford University.

Debra C. Man
Chief Executive Officer/General Manager
Metropolitan Water District

Debra C. Man was appointed Chief Executive Officer/General Manager for the Metropolitan Water District on Nov. 8, 2005. In this capacity, she is responsible for implementing the policy directives of the Board, including working with elected officials and member agencies to carry out the district's mission.

Man brings to her position 20 years of experience at the Water District in various aspects of business and water management. Man began her career at Metropolitan in 1986 as an engineer in the district's resources division, developing groundwater storage programs. She advanced to become a principal engineer in the planning division in January 1990 She progressed to assistant director of planning in September of 1990, director of planning in November 1992, and chief of planning and resources in July 1994. She became Vice President for Water Transfers and Exchanges in July 1999. She was named the Chief Operating Officer in December 2003. A native of Honolulu, Man earned a bachelor's degree in civil engineering from the University of Hawaii and a master's degree in civil/environmental engineering from Stanford University. Man is also a .registered professional civil engineer in California and Hawaii, and a member of the American Water Works Association and the Association of California Water Agencies.

William C. Allen
President and CEO
Los Angeles County Economic Development Corporation

William C. Allen was recently appointed President and CEO of the Los Angeles County Economic Development Corporation. A veteran Hollywood television industry executive, Allen is currently president of Meadowlane Enterprises, Inc. and vice chair of the Economic Alliance. He is also on the Board of Directors of Health Dynamics, Inc., the Rossier School of Education at USC, and the Valley Presbyterian Hospital for whom he also co-chairs the *"Shaping Tomorrow"* capital campaign. Allen has served as a trustee of the University of Southern California, chair of the Creative Arts Emmy Awards for the Academy of Television Arts and Sciences, and co-chair of the National Council for Families and Television. He has also served on the Business Advisory Commission to the former California Assembly Speaker Robert Hertzberg, and on the Leadership Council and Board of Directors of the LAEDC.

Active in regional economic development for the past decade, Allen was the first chief executive officer of the Economic Alliance of the San Fernando Valley from 1997-2000, and in 2000 was named *"California's Civic Entrepreneur of the Year"* by the California Center for Regional Leadership. As CEO of the non-profit Economic Alliance, Allen raised more than $5 million dollars and assembled an unprecedented public-private partnership involving all of the leading cities, colleges and business organizations in the San Fernando Valley. Under his guidance, the Alliance launched programs to expand international trade, improve local education and enhance work force development programs. Viable solutions to regional transportation challenges were also developed, including three regional transit planning summits in 1997 and 1998, which led to the creation of the recently opened Orange Line in the San Fernando Valley. Allen also personally developed the region's *"Valley of the Stars"* marketing campaign including television commercials, showpiece publications, websites and high profile media events like the nationally-televised *LPGA Valley of the Stars Championship* and the annual *Star of the Valley Awards* which have been hosted by the Walt Disney Company, Universal Studios and Warner Bros.